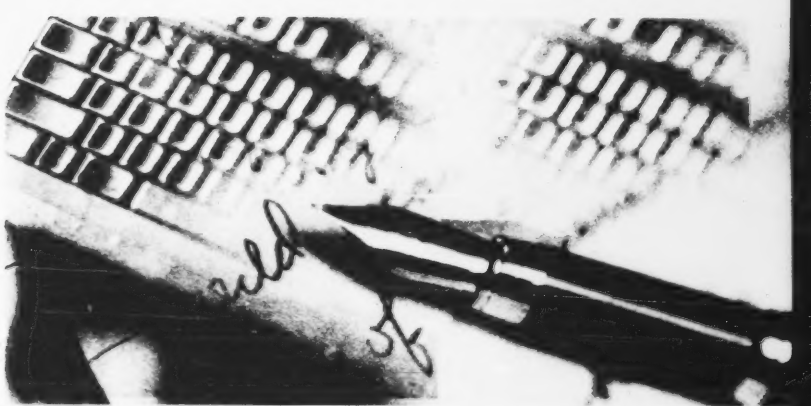
RESEARCH REPORT

THE HISTORY OF CANADA'S RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (RRAP)



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The History of Canada's Residential Rehabilitation Assistance Program (RRAP)

Prepared
by
Dale Falkenhagen
for
Canada Mortgage and Housing Corporation

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Canada has not yet arrived, and we hope will never have arrived, at a point where further study of reconstruction and rehabilitation is regarded as unnecessary, since the progress of economic improvement and social amelioration are continuous. The achievements of one generation provide the springboard from which the next departs.

From a letter to the Right Honourable William Lyon McKenzie King, Prime Minister of Canada, from F. Cyril James, Chairman, Advisory Committee: on Reconstruction, Ottawa, September 24, 1943

About the Author

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Executive Summary

The Residential Rehabilitation Assistance Program (RRAP) was announced by the Government of Canada in the spring of 1973 and became operational the following year. It came about because of the dual recognition that the existing housing stock represented an important national asset that needed to be pre erved, and that a significant portion of this stock was substandard and occupied by households unable to afford necessary repairs. Over the following 26 years, more than 600 000 dwelling, mostly comprised of self-contained homeowner and rental units, but also a good number of beds in hostels, dormitories, special care facilities and rooming houses, were repaired with RRAP assistance across all regions and areas of the country. During this time, RRAP demonstrated great versatility in adapting to the priorities of the day in achieving a broad range of public objectives from improving the housing conditions of low-income Canadians, neighbourhood improvement and employment generation, to meeting the special needs of persons with disabilities and the homeless.

The history of this remarkable program is divided into two main parts. The first recounts the evolution of RRAP from its inception to the present day. The second part explores the evolution of critical aspects of RRAP related to need, its design, management and accomplishments, and concludes with an epilogue which reviews reasons for RRAP's durability and explores the need for targeted housing rehabilitation programs in the future.

Part 1 - The Evolution of RRAP (1917-2001)

1. The Foundation - The Pre 1973 Period

The roots of the federal role in housing date back to the Government of Canada's actions to address the housing emergency created by the Halifax Explosion in 1917, and subsequent efforts to help municipalities produce affordable housing following the First World War. The first renovation programs, launched by CMHC in the late 1940s and continuing until the late 1960s, focused their efforts on the removal of urban blight through slum clearance and later urban renewal programs. These, however, encouraged demolition, the building of large public housing projects to provide replacement accommodation and redevelopment rather than rehabilitation.

The destruction of neighbourhoods and the resulting disruption in the lives of local residents resulting from this approach led to strong protests in larger cities. The Report of the Federal Task Force on Housing and Urban Development in 1969 discredited this approach to urban renewal. This ultimately resulted in the introduction and approval of federal legislation amending the NHA in 1973, which mandated CMHC to introduce and deliver a national housing rehabilitation program, which became the Residential Rehabilitation Assistance Program or RRAP.

2. Improving Substandard Housing (1973 - 1985)

RRAP was initially limited to designated Neighbourhood Improvement Program (NIP) areas identified for infrastructure improvements. RRAP's goal was to improve substandard housing occupied by low income people to acceptable standards of health and safety and maintain the existing stock. Municipalities were required to adopt local Maintenance and Occupancy (M&O) bylaws as a condition for their participation in the program to help reverse the decline in housing conditions and to help ensure that the gains achieved through concerted rehabilitation efforts were maintained in subsequent years.

Homeowner, rental and non-profit housing in urban areas initially qualified. A rural version of RRAP was introduced in 1974 as part of the Rural and Native Housing (RNH) program and RRAP was extended to Indian Reserves in the late 1970s. RRAP Standards were introduced to more clearly identify mandatory and other repairs and improvements eligible for program funding.

RRAP was always targeted to low income people. Eligibility was extended to clients wanting to make accessibility improvements to dwellings for persons with disabilities.

3. Targeting to Core Need (1986 - 2000)

Following a period of consultation and review, the Government of Canada announced sweeping changes to federal social housing programs, including RRAP, in 1985. Homeowner RRAP was henceforth targeted 100% to households in core housing need. RRAP for Persons with Disabilities - RRAP PWD was introduced and benefits available under Rental RRAP were improved. For the first time, provinces and territories were invited to cost-share RRAP and assume responsibility for delivery through new federal-provincial/territorial agreements.

Cutbacks to Rental RRAP were announced in 1989 and this program component was canceled entirely in 1990, based on the impression it was not well targeted to the needy. In 1993, the Government of Canada announced it would end all long-terms commitments to new social housing, including RRAP, at the end of the year.

Following a promise in the 1993 federal election campaign, RRAP was reintroduced for two years at cost of $100 million. Rental RRAP was reinstated and a new Rooming House component was added to target the lowest-income renters.

In 1995 the Government of Canada enhanced the mandate for RRAP and announced substantial changes to the program design to improve targeting and ensure mandatory repairs were completed. Maximum assistance was doubled and benefits were further increased by up to 25 per cent in remote and isolated locations. Homeowner RRAP

was restricted to those living in housing valued below CMHC established price thresholds to eliminate assistance to people with expensive homes.

In the following years, the package of targeted renovation programs expanded with the reintroduction of Housing Adaptations for Seniors' Independence (HASI). HASI grew out of a two year CMHC demonstration program in the late 1980s as part of the federal strategy for the Integration of Persons with Disabilities, which showed that relatively low-cost renovations to housing could significantly increase the capacity of older people to live independently.

In 1999, RRAP for the conversion of non-residential property to housing (Conversion RRAP) was introduced. This is an important part of the Government of Canada's strategy to address homelessness.

The Shelter Enhancement Program (SEP) also became known as part of the "family" of RRAP and related renovation programs. SEP provides assistance to repair, upgrade and create shelters and second stage housing for victims of family violence. The program grew out of and continues to be part of the federal family violence strategy. In the late 1990s, it also became an important component of the federal homelessness initiative when it was given an extra $43 million four year allocation.

Part 2 - Key Elements and Accomplishments

4. The Need

The need for housing renovation in Canada has been measured since the 1940s alone and as part of the core housing need concept. for many years. While RRAP has preserved housing and reduced the need for major repairs, Canada's housing stock is aging and older homes are more apt to require repairs. It is estimated that the need for major repairs will grow by approximately 240,000 housing units between 2001 and 2011.

5. Program Design

RRAP has been successful because it has been able to achieve multiple objectives and adapt to changing public policy priorities. The following describes how the main elements of RRAP have evolved over time:

Program Eligibility Criteria - Continuing progress has been made in expanding program eligibility criteria to serve new clients, locations and needs, as well as improve targeting to better account for household size, location and financial circumstances.

Eligible Repairs - The types of repairs and improvements eligible for program funding were described in RRAP Standards, which were constantly being updated and improved.

Benefits - Targeting to low income people has been improved and program loan and forgiveness levels have kept pace with the cost of repairs.

Maintaining Improvements - Early efforts to encourage municipalities to adopt maintenance and occupancy standards helped ensure properties receiving RRAP are maintained in good condition.

6. Program Management

To be successful and responsive to client needs, a large national program like RRAP requires an efficient system of structures and procedures, and a commitment to continuous improvement.

Program Management Structure - A network of qualified and experiences CMHC, provincial/territorial, municipal and other agents is in place to provide effective service to the public and continuous improvement at a reasonable cost.

Client Satisfaction - Program clients express high levels of satisfaction with RRAP and the service received from program agents.

Allocations - A needs based allocation system is in place to ensure equitable and effective service to all parts of Canada.

Accountability - CMHC and third party delivery of RRAP is subject to requirements for plans, performance reports, audits and periodic program evaluations.

7. RRAP Accomplishments

Over the past quarter century, RRAP has become one of Canada's most respected housing program with a solid record of accomplishments in improving substandard, inaccessible and crowded dwellings occupied by lower-income households.

Units Assisted - Overall, between 1974 and 2000, over 650,000 units or beds received RRAP assistance to finance housing repairs and improvements. Close to 500,000 RRAP loans representing an estimated $2.8 billion were provided directly by CMHC. A total of $2.6 billion was forgiven with no requirement for repayment based on the low income status of the beneficiaries.

Housing Tenure - Homeowners represented the largest client group (63 percent), followed by landlords, including private rental companies, non-profit associations and not-for-profit continuing co-operatives (28 percent). The remaining nine percent were dwellings occupied by clients living on Indian Reserves (5 percent) and persons with disabilities (4 percent).

The direct benefits of RRAP include, but are not necessarily limited to, the following eight areas.

Improving Substandard Housing - A 1986 program evaluation showed that RRAP was successful in bringing units up to minimum standards, outstanding work after RRAP assistance was minor in nature and not likely to create health and safety hazards. The vast majority of repairs met acceptable quality standards of workmanship and materials.

Increasing the Stock of Adequate Housing - The percentage of housing in need of major repairs has fallen from over 10% in the 1980s and stabilized at around 8.0% according to the 1991 and 1996 Census. This was accomplished against the backdrop of an aging housing stock. With the exception of the Aboriginal population, the lack of basic plumbing facilities in homes is now so rare that it is no longer covered by Census surveys.

Assisting Lower Income Households - RRAP is well-targeted to the needy. A total of 80-90 percent of program clients had incomes of $20,000 or less in 1998/99.

Improved Housing for Persons with Special Needs - RRAP has been used to modify nearly 30,000 housing units for persons with disabilities to help them to live more independently and with dignity in their homes. Home Adaptations for Seniors' Independence (HASI) has helped many seniors to remain in their homes through the provision of modest grants of up to $2,500.

Aided Efforts to Address Homelessness - RRAP is a key part of the Government of Canada's strategy to address homelessness by helping to repair, convert and add to the supply of temporary, transitional and permanent rental housing for people who are homeless or at risk of becoming homeless.

Effective Federal-Provincial/Territorial Partnership - Provinces and territories have found RRAP to be a flexible and effective tool to meet their needs and their financial participation in the program has enabled more people to be assisted.

Generated Employment Opportunities - It is estimated that approximately 135,000 person years of employment have been created through or leveraged by RRAP over the period 1974 to 2000.

Supported the Growth and Development of the Rehabilitation Industry - RRAP helped the Canadian residential renovation industry grow through setting standards, training, research and developing resource materials. The value of renovation work now exceeds the value of new construction.

Some of the many other indirect impacts and effects of RRAP include:

Improved public health, safety and security for residents of previously substandard housing;

Increased consumer awareness, knowledge and confidence in dealing with house maintenance and repair;

Reduced need for private and public expenditures on new housing;

Supported environmental objectives by making better use of existing resources and supporting more efficient use of energy;

Rejuvenated run-down and economically depressed neighbourhoods, while increasing property values and strengthening local tax bases; and,

Stabilized the residential construction industry during economic downturns and times of higher unemployment.

8. Conclusion

RRAP has been a mainstay of federal housing policy for 25 years. During this time, RRAP has been used to address the public policy issues of the day and has been enhanced to remain relevant and effective.

RRAP has improved and supported the more effective use of Canada's housing stock, and has supported many of the economic, social and environmental objectives of the Government of Canada. When called upon, it has addressed emerging issues of the day such as the integration of people with disabilities and homelessness.

As Canada's housing stock ages and the housing needs of Canadians continue to evolve, RRAP will no doubt continue to evolve and rise to meet new challenges.

Abstract

The Residential Rehabilitation Assistance Program (RRAP) was announced by the Government of Canada in the spring of 1973 and continues to be a landmark and mainstay of Canadian housing policy. RRAP replaced a system of urban renewal which focused on demolishing existing neighbourhoods and building large scale public housing in favour of community and housing preservation and renewal.

Over time, RRAP has underdone a process of continuous improvement. New program components have been added to address emerging priorities such as the integration of persons with disabilities, aging-in-place, family violence and homelessness. Program enhancements have been introduced to improve targeting to the very poor and helping Aboriginal people and those who live in the far north.

Since its introduction, RRAP has assisted in the repair of more than 650 000 dwelling units and beds in single family homes, apartments hostels, dormitories, special care facilities and rooming houses, across all regions and areas of the country. The federal investment in RRAP has levered investment from other governments, the private sector and individual homeowners.

In addition to making significant improvements to Canada's housing stock occupied by lower income Canadian, RRAP has created jobs, improved marginalized neighbourhoods, established national housing standards and supported the growth and development of the renovation industry in this country. RRAP is a model federal partnership with the provinces and territories, municipalities and the private and non-profit sectors. It has been very popular with both clients and other governments.

As Canada's housing stock ages and the housing needs of Canadians continue to evolve. It is estimated that a further 240,000 housing units will require repairs during the next decade.

RRAP can help to meet this need and will no doubt continue to evolve and rise to meet new challenges.

Glossary

AFN - (Assembly of First Nations) - AFN is the national representative/lobby organization of the First Nations in Canada.

CAHRO (Canadian Association of Housing and Renewal Officials) - Is now called the Canadian Housing and Renewal Association, see CHRA below.

CAP (Congress of Aboriginal People) - The Congress of Aboriginal Peoples (CAP) was founded in 1971 as the Native Council of Canada (NCC). It was established to represent the interests nationally of Metis and non-status Indians, a population that outnumbered all other native people combined. In essence, the principle of the NCC's organization at that time was to address the lack of recognition of themselves as Aboriginal peoples and to challenge the exclusion of our constituency from federal responsibility.

CHBA (Canadian Home Builders Association) - CHBA represents Canada's residential construction industry, with more than 6,000 member firms. For over fifty years CHBA has worked to build a strong and professional housing industry. Its activities include working: to achieve a stable business environment for its members, to promote and protect consumer interests and to support its members professionalism.

CHIC (Canadian Housing Information Centre) - The Canadian Housing Information Centre, located at the National Office of Canada Mortgage and Housing Corporation in Ottawa, is the most extensive housing information source in the country, serving consumers, builders, developers, academics and industry decision makers.

CHIP - (Canadian Home Insulation Program) - Introduced by the federal Department of Energy, Mines and Resources in the late 1970s, this program provided grants to assist homeowners and the owners of non-profit hostels and apartments of three stories or less to make their buildings more energy efficient through the installation of weather-stripping, caulking and insulating materials.

CHRA - (Canadian Housing and Renewal Association) - Founded in 1968, the Canadian Housing & Renewal Association (CHRA) is a national non-profit organization representing those who manage and deliver housing programs in communities across Canada. CHRA's mission is to promote access to adequate and affordable housing by influencing housing policies and programs across the country.

CHRP - (Canadian Home Renovation Program) - Introduced by CMHC in 1981, CHRP used renovation as a vehicle for employment generation. Assistance was made available to homeowners in the form of a forgivable loan to cover up to 30 percent of the cost of eligible repairs, alterations and improvements, up to $3 000. CHRP was not targeted to low income households.

CMHC - (Canada Mortgage and Housing Corporation) - Originally known as Central Mortgage and Housing Corporation, CMHC is Canada's national housing agency.

CNIT (Core Need Income Thresholds) - A CNIT is the income cutoff point to determine eligibility for RRAP. They are the mechanism for determining that the program is targeted to the needy, based on the size of the household and local housing costs. They represent the income levels under which a household is determined to be unable to acquire suitable and adequate housing for less than 30 percent of income.

Core Housing Need - Households who occupy a crowded (unsuitable) or substandard (inadequate) dwelling paying less than 30 percent of their incomes for shelter but for whom basic shelter costs for an adequate and suitable dwelling available in their market area would consume 30 percent or more of their income, or households who pay 30 percent or more of their income for shelter and for whom an adequate and suitable dwelling available in their market area would consume 30 percent or more of their income.

COSP - (Canadian Oil Substitution Program) - Introduced by the federal Department of Energy, Mines and Resources in the late 1970s, this program provided grants to homeowners and businesses to help meet the cost of converting from oil as a heating fuel to less costly and more plentiful domestic energy sources.

DIAND (Department of Indian Affairs and Northern Development) - DIAND fulfills the lawful obligations of the federal government of Canada to Aboriginal peoples arising from treaties, the Indian Act and other legislation. Its Minister is responsible for Indian and Inuit affairs, the residents of the Yukon, Northwest and Nunavut Territories and their resources.

ERP (Emergency Repair Program) - ERP, until 1994 a component of the federal Rural and Native Housing Program, became a component of federal renovation initiatives in 1994. The program provides assistance for the urgent repair of existing housing in rural and remote areas that are a threat to the occupants' health or safety.

FCM (Federation of Canadian Municipalities) - FCM, established in 1901, is the national voice of municipal governments. Municipalities play an active role in RRAP as program delivery agents.

FILs (Forgiveness Income Limits) - CNITs do not apply under On-Reserve RRAP because no rental market exist on Reserve lands. In order to determine the applicable level of RRAP forgiveness as an alternative to CNITs for clients living on these lands, FILs are established annually, based on the minimum household income required to carry the basic shelter cost of a new market quality house.

HASI (Home Adaptations for Seniors' Independence) - HASI was initially introduced in 1992 as a two year demonstration program to help deal with the problems of aging in place by providing small grants to seniors to adapt their homes so they could stay in them longer. It has subsequently been extended an is now a fixture of the RRAP family of programs.

HIFE (Survey of Household Income, Facilities and Equipment) - The HIFE survey has been administered as a supplement to the Statistics Canada Labour Force Surveys (LFS), to provide a more refined and current indicator of housing adequacy, suitability and need. **It has been replaced by the Survey of Household Spending (SHS).**

Home Improvement Loan Program - Introduced in 1937 and continuing until 1986 this program provided guarantees to private lenders making loans at market interest rates to homeowners wishing to improve their dwellings.

HVTs (House Value Thresholds) - The maximum value of a home in a given market which can qualify for renovation and/or modification assistance through Homeowner RRAP and RRAP for Persons with Disabilities.

M&O Standards (Maintenance and Occupancy Standards) - M&O standards are established under municipal by-laws to provide criteria for measuring and maintaining the physical quality and state of buildings in a community, with emphasis on health and safety.

NAHA (National Aboriginal Housing Association) - NAHA was established in 1993 by representatives of Urban Native non-profit housing agencies from across Canada to give providers a stronger voice in program policy discussions with government, and to foster information sharing and the application of best practices. Nationally, there were some 109 Urban Native non-profit housing providers with a combined portfolio of approximately 10 000 units.

NCC (Native Council of Canada) - Founded in 1971 established to represent the interests nationally of Metis and non-status Indians in urban, rural and remote areas of Canada and now called the Congress of Aboriginal Peoples (CAP).

NHA (National Housing Act) - An Act of the Parliament of Canada providing the legislative framework for federal action relating to housing and community improvement.

NIP (Neighbourhood Improvement Program) - A federal program introduced in 1973 to encourage and support municipal and citizen efforts to improve neighbourhood amenities and services.

RNH (Rural and Native Housing Program) - A federal social housing program introduced in 1974 to produce and improve housing and living conditions in rural and Native communities in need.

SEP (Shelter Enhancement Program) - SEP was introduced by CMHC in 1995 to provide capital contributions to renovate and upgrade existing shelters serving victims of family violence and to assist additional emergency shelters and second stage housing projects.

Substandard Housing - For RRAP eligibility purposes, a substandard dwelling must be in need of repair or improvements in at least one of six basic areas: structural, electrical, plumbing, heating, fire safety and crowding.

Foreward

The Government of Canada, through Canada Mortgage and Housing Corporation (CMHC) launched the Residential Rehabilitation Assistance Program (RRAP) in 1973. Today, RRAP continues as one of Canada's oldest and most successful housing programs. It is the cornerstone of the Canadian efforts to maintain and upgrade its affordable housing stock in urban, rural and remote areas, and also achieves objectives related to community development, job creation and assisting people with special needs.

RRAP is very popular amongst its many client groups, including homeowners, landlord/renters and persons with disabilities. It is strongly supported by other governments and the private, non-profit and Aboriginal organizations involved in its delivery. Over more than 25 years, RRAP has repaired and improved the quality of housing occupied by many lower-income Canadians, generated significant employment and contributed to building better communities.

Notwithstanding its success, and the scrutiny and publicity it has received over the years, the story of RRAP remained to be told. Although the subject of two evaluations (a third is planned for 2002), numerous consultation papers and various reports, these were not intended or packaged for a broader audience. Radio sound bites, television video clips and newspaper articles about singular RRAP activities do not provide a sense of the history, operation or accomplishments of the overall program. Nor do they capture the thinking and effort, which went into developing, delivering and managing the program nationally over more than a quarter century.

In short, the story of RRAP has been largely fragmented and unfocused. The History of RRAP is intended to address this oversight.

Interest in compiling a formal and comprehensive record of RRAP's history also grew out of the recognition that the memories of RRAP's past were fading both within and outside of CMHC. Some of those involved in RRAP's development and operations are beyond their active careers or are no longer at CMHC, and the trails to useful historical records have become overgrown and sometimes lost. Consequently, in the winter of 2000 a decision was made by CMHC to initiate the writing of a comprehensive history of RRAP.

The objective of this project is to document the story of RRAP, including the factors that influenced its development, evolution and operations, and to describe the impact that RRAP has had on improving housing and living conditions for Canadians. The following report traces the roots and evolution of RRAP from both a policy and operational perspective, and describes its accomplishments.

Acknowledgments

This history is dedicated to the many creative, dedicated and enthusiastic individuals within and beyond CMHC who strove directly or in a supportive capacity over the years in a variety of capacities to make RRAP a success. Some of these contributed directly to the writing of this report, through interviews and by reviewing and commenting on drafts of the text. Others assisted by helping the author to find relevant documents, some of which they kindly provided from their own collections.

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Still others contributed indirectly over the years through their thinking and analysis, as reflected in the formal records; the memos, reports, briefings, submissions and

publications; on which much of this story of RRAP is based. On many occasions, these records brought back good recollections of earlier years. Through their records, the people who made the program a reality and a success, once again walked the halls where they once worked, as real as those who follow in their footsteps today.

The History of RRAP owes its existence to all these people and many others who provided the information and leads on which it is based. I assume responsibility for any shortcomings, inaccuracies and imperfections in the telling of this story which they have lived.

Dale Falkenhagen
Ottawa, Ontario
December 2001

Part I

The Evolution of RRAP

Chapter 1

The Foundation of RRAP: The Pre 1973 Period

The First Federal Housing Initiatives

On the morning of December 7, 1917, two ships, one loaded with munitions destined for the war in Europe, collided in the narrowest part of Halifax Harbour setting off the world's largest man-made explosion until the atomic age. While the Halifax Explosion originated on water, the devastation occurred on the shore where over 1700 people died and more than 4000 were injured. The destruction and loss of property and homes were massive. The reaction was swift across the country, with an outpouring of compassion, offers of help and calls for the federal government to come to the aid of the city. Responding to this emergency was the federal government's first action in the field of housing.[1]

Using the authority of the War Measures Act, the federal government responded to public pressure by creating the Halifax Explosion Relief Commission, which set up a $30 million pension fund to help victims and survivors by developing and operating housing in what became known as the Hydrostone Project, now protected by a heritage designation.[2]

At its origin, Canada had no housing policy or interest in having one. Two reasons were cited for this. First, people generally living in rural areas, who often shared the same poor housing circumstances including sod huts, log houses and shacks spread across a broad land, did not see themselves as disadvantaged. Second, in this era before income taxes, governments were not interventionist and were loath to become involved in areas that would cost money, which they did not have. In addition, poverty was seen as a moral shortcoming, rather than as a failure of the socioeconomic system. Anderson further suggested that confederation was essentially an economic pact amongst provinces and had little to do with social policy as it is known today.[3]

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[1] George Anderson, *Programs in Search of a Corporation: The Origins of Canadian Housing Policy, Housing Policy in Canada Lecture Series: Number 1* (Ottawa: Canada Mortgage and Housing Corporation, December 1987), p. 2. This reference to the Halifax explosion was one of the stories told in the first of a series of lectures on Canadian housing policy given in 1987 and 1988 by George Anderson, the President of Canada Mortgage and Housing Corporation at the time, to the Centre for Human Settlement Studies at the University of British Columbia.

[2] Anderson, *Programs in Search of a Corporation*, p. 2.

[3] Anderson, *Programs in Search of a Corporation*, p. 3.

The next housing initiative of the federal government following the establishment of the Halifax Explosion Relief Commission was an Order in Council passed under the War Measures Act in 1918, which provided loans to the provinces to aid municipalities in constructing moderate-cost housing. More than 6 000 units were produced under this legislation between 1919 and 1923. The rationale for federal involvement was linked to the crisis of the war and the need to create employment opportunities in its aftermath. The enthusiasm to pursue such war-necessitated initiatives, however, faded as the years passed. Slowly, the economy improved and support for government intervention waned. By the mid 1920s, there was complete reliance on the private market to supply housing, but this did not address the needs of low income people are areas of urban and rural decay.

Housing problems became much more severe and visible with the onset of the Great Depression. Housing starts fell drastically and needed repairs were deferred. Mortgage lenders pulled back as property values fell and local taxes were increased to cover the cost of relief. Larger municipalities like Halifax, Montreal, Toronto, Ottawa and Winnipeg pressed the federal and provincial governments for housing assistance. The federal government responded, in 1934, by appointing a special committee on housing on the eve of a national election in which housing and employment were to be major issues.

The Ganong Committee, named after it's Chairman, New Brunswick businessman Arthur Ganong, had a mandate to review the possibility of establishing a national policy for new house construction, reconstruction and, for the first time, the repair of the existing housing stock. The Committee's report rejected the notion that housing policy should only address emergency or special circumstances, and declared an urgent need for action. It called for sustained financial and administrative arrangements to help address the shelter needs of the poor and proposed action that included support for the production of new housing, the establishment of standards, slum clearance and direct help to those most in need.[4]

The First Housing Legislation

The government responded by introducing the Dominion Housing Act of 1935. This legislation did not address the substance of the Ganong Commission's report, but returned, instead to a policy of using public funding for new housing production to stimulate economic recovery and job creation. The Act did not authorize the government to act on the need to repair of the existing stock.[5]

The first significant recognition of the rehabilitation needs of the existing housing stock by the federal government was in 1937 when the Home Improvement Loan Guarantee Act was introduced. This legislation enabled the Government of Canada to provide

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[4] Anderson, *Programs in Search of a Corporation*, p. 11.

[5] Anderson, *Programs in Search of a Corporation*, pp. 11-13.

guarantees to banks to cover loans made to finance the improvement of existing houses. Between 1938 and 1940, $50 million was guaranteed for home improvements, with an average loan of approximately $400 per household.[6] Although the Home Improvement Loan Program, authorized by this and successive federal housing legislation continued until 1987, it never was designed as a measure to improve the condition of substandard housing occupied by lower-income households.

The first National Housing Act (NHA) in 1938 repealed the Dominion Housing Act of 1935. The new NHA recognized that assistance was needed to provide adequate housing for lower-income groups generally (i.e. not necessarily linked to economic downturns or emergencies). The Act provided the first legislation in the field of low-income housing by permitting the Minister of Finance to make high loan-to-value ratio loans at low interest rates to local housing authorities, including provinces, municipalities and local non-profit and co-operative housing groups, to provide low-rental housing for low-income families.[7] Once again, however, there was no recognition in the Act of the need to deal with substandard housing and the difficulties lower-income occupants faced in paying for needed repairs.

Notwithstanding these limitations, the importance of the 1935 Act was summed up in the following observation by a former President of CMHC; "Although the outbreak of war in 1939 suspended building under the National Housing Act, it still was a national housing policy landmark. It proved the federal government could stimulate housing construction, and committed it to a housing role and a housing policy into the indefinite future, once peace returned."[8]

By the fall of 1941, because of high inflation in the prices of all goods and services including rents, the federal government felt the need to impose controls under its wartime emergency powers over prices, wages, rents and the allocation of materials. In that year, it also took the first step in establishing a national organization to develop and deliver housing programs, Wartime Housing Limited. The mandate of Wartime Housing Limited was to produce the housing required in urban areas to accommodate the workers needed for expanding wartime industries.

The First Major Assessment of Housing Conditions and Needs

Further amendments to the NHA were approved by the Government of Canada in 1944. This was a much expanded and relatively comprehensive piece of legislation that has been described as a declaration of faith in the nation's future, in which housing policies would play a large part in post war readjustment.[9] This legislation was based

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[6] Tom Carter, *Neighbourhood Improvement: The Canadian Experience* (London: In Neighbourhood Regeneration: An International Evaluation edited by Rachelle Alterman and Göran Cars, Mansell, 1991), p. 16.

[7] Michael Dennis, *Low Income Housing: Task Force Report* (Ottawa: CMHC, 1972), p. 3.

[8] Dennis, *Low Income Housing Task Force Report*, p. 14.

[9] Albert Rose, *Canadian Housing Policies (1935-1980)* (Toronto: Butterworth and Company, 1980), p. 28.

on the report of a special Subcommittee on Housing and Community Planning of the Government's Advisory Committee on Reconstruction. Chaired by Professor Clifford Curtis of Queens University, the Subcommittee Report was the first comprehensive assessment of housing conditions and needs in Canada and called for recognition of the role of government, primarily the federal government, in the housing field.

The Housing and Community Planning Subcommittee Report in 1943, documented the condition of Canada's housing stock for the first time and determined that out of a total of some 2 260 000 dwellings in metropolitan areas, small centres and rural areas, approximately 543 000 or 24 percent were in need of repair, maintenance or improvement. These estimates were based on what must have been early data on housing conditions from the 1941 Census of Canada, a remarkable feat of data management before the age of the computer, given war-induced labour shortages. The Census estimates were based on housing condition assessments by enumerators who noted externally observable defects related to: i) sagging or rotting foundations causing walls to crack or lean; ii) roofs with warped and missing shingles; iii) cracked chimneys or with bricks missing; and iv) unsafe outside steps or stairways. Census data also indicated that close to 30 percent of urban dwellings lacked exclusive bathing facilities (baths or showers) and 18 percent lacked flush toilets or provided only for shared use. Based on its assessment of the need for repair and not taking into account the need for upgrading, the Curtis Subcommittee recommended that: i) the Home Improvement Program (introduced in 1937) be revised and liberalized; ii) the effective rate of interest on home improvement loans should be lowered; iii) consideration should be given to simplifying payment arrangements; and iv) equipment and materials from surplus wartime stores be provided to assist in renovation and improvement programs.[10]

The dimensions of a housing program to eradicate slum districts and replace an estimated 175 000 obsolete dwellings in the cities and towns were also considered by the Subcommittee.[11] The proposed program to deal with these problems was comprised of grants to municipalities to cover a portion of the cost of surveys, planning and the clearing of slums, if the land was reused for low and moderate rental housing for those displaced.[12]

The 1944 Act, was described in its preamble as "An Act to Promote the Construction of New Houses, the Repair and Modernization of Existing Houses, the Improvement of Housing and Living Conditions, and the Expansion of Employment in the Postwar Period". This set the stage for the development of a number of important program initiatives to support both the production of housing and urban revitalization in the postwar years. It confirmed the main features of earlier legislation, including: federally guaranteed loans for home improvement; long-term, low interest loans for the construction of limited dividend projects for rental at modest rents; and added

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[10] Canada, *Final Report of the Subcommittee on Housing and Community Planning* (Ottawa: Edmond Cloutier, Printer to the King's Most Excellent Majesty, 1943), p. 190.

[11] Canada, *Final Report of the Subcommittee on Housing and Community Planning*, p. 106.

[12] Canada, *Final Report of the Subcommittee on Housing and Community Planning*, p. 17.

provisions for federal participation in some municipal "slum clearance" projects, if the cleared area was to be used for low-rental housing.[13]

The Creation of CMHC

From 1935 until the end of 1945, the National Housing Administration, a division of the Department of Finance, had been responsible for handling the Government's functions under the various Housing Acts. With the growth of housing demand foreseen in the immediate postwar period, a need for a new administrative agency with the scope and capacity to deal with housing was evident. This led to the Central Mortgage and Housing Corporation Act in 1946 that established a federally-owned Crown Corporation to administer the new NHA and the federal housing policies and programs that were to flow from it. This completed the legislative and organizational infrastructure needed to develop and manage postwar housing initiatives. The new Corporation, which absorbed Wartime Housing Limited evolved to become the present Canada Mortgage and Housing Corporation (CMHC).

In its early years, CMHC devoted its energies almost exclusively to getting the private housing industry in operation again after ten years of depression and five of wartime controls. The Corporation focused primarily on addressing the backlog of housing needs of the population, in general, and the housing needs of returning veterans in particular. The condition of the existing stock and particularly the portion occupied by lower income households did not yet command attention. Aside from the major effort made to provide affordable housing for veterans, there was a view that the shelter needs of the poor could best be served by a healthy commercial housing market and by a fully employed labour force.[14]

During this early post war period, most provinces did not have the financial resources, nor were they equipped to deal with the problems of urbanization related to land use planning, urban revitalization and housing. Most did not have legislation pertaining to housing development or a capacity for managing housing programs. The development and delivery of effective programs, however, required more than simply establishing offices across Canada. In the early postwar period there were very few people in Canada with the expertise required to administer social housing programs. While CMHC was able to build up a national organizational structure and staff it with well trained and experienced personnel, its main activities were primarily in the areas of lending and mortgage insurance to support new house construction. Only gradually, did it build up its staff with the knowledge and interest in areas related to community planning, architecture and social welfare.[15]

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[13] Canada, *Report of the Federal Task Force on Housing and Urban Development* (Ottawa: Information Canada, January 1969), p. 4.

[14] Robert T. Adamson, *A Real and Enduring Achievement - Housing a Nation: 40 years of Achievement* (Ottawa: CMHC, 1986), p. 69.

[15] Rose, *Canadian Housing Policies*, pp. 23-24.

From Slum Clearance to Urban Renewal

In the early post war years, and encouraged by the Report of the Curtis Subcommittee, there was a growing movement towards housing reform that embraced physical and social planning and a variety of community improvements. One of the ideas was the creation of a slum clearance program which remove the worst housing and rehouse the residents in physically and socially adequate forms of new housing.[16]

Amendments to the NHA in 1949 introduced federal-provincial partnership arrangements to support the production and ongoing operation of federal/provincial cost-shared public housing, initially seen by the Curtis Subcommittee as a key element of any effort to replace obsolete housing in slum areas. The clearance of slums and rehousing the residents in public housing was strongly supported by progressive social reformers at the time. While early efforts faced many obstacles, the results, at least initially, as reported in Professor Albert Rose's book on Regent Park in Toronto, were very positive. Those rehoused displayed a greater sense of pride and community responsibility, there were improvements in physical and mental health, family welfare and social behavior, and all this was seen as being accomplished at a modest financial cost.[17] Amendments to the NHA in the 1950s and 1960s extended federal support to municipalities for urban development studies, as well as the acquisition and clearance of land in redevelopment areas for limited dividend and public housing projects.[18] These initiatives, however, continued to focus on tearing down and building new housing. There was little interest in improving the existing stock and neighbourhoods for local residents.

The NHA Amendments in 1964 provided support for the maintenance and improvement of the existing stock in at least two important areas. CMHC was permitted to make direct home improvement loans and the Amendments introduced an enhanced slum clearance/urban revitalization program called "urban renewal" to address the blighted areas of cities. The federal government recognized provincial authority for approving new urban renewal schemes and agreed to share half the cost of preparing and implementing local urban renewal plans, including the cost of acquiring, clearing and/or improving land and buildings. For the first time, assistance was also provided for the rehabilitation and conservation of areas threatened by blight and for the salaries of people employed to assist local residents with relocation.[19] This applied to buildings acquired and improved by the province or municipality. Loans and contributions were not available to individuals to improve their homes, even in urban renewal areas.[20]

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[16] Rose, *Canadian Housing Policies*, p. 164.

[17] Albert Rose, *Regent Park: A Study in Slum Clearance* (Toronto: University of Toronto Press, 1958), p. 220.

[18] Dennis, *Low-Income Housing: Programs in Search of a Policy*, p. 294.

[19] Rose, *Canadian Housing Policies*, p. 39.

[20] Dennis, *Low-Income Housing: Programs in Search of a Policy*, p. 294.

Housing Rehabilitation, a Practical Alternative

By the mid 1960s, there were growing public protests over replacing slums with new high-density public housing. These protests, particularly by the residents in Trefann Court in Toronto helped to set the stage for a totally new approach to community revitalization.

Trefann Court in Toronto began as a working class neighbourhood in the mid 1800's. Its future was threatened in 1966, when Toronto city planners recommended that its deteriorated housing stock be demolished and the entire neighbourhood be replaced by high-rise housing and a commercial centre. The city's plans were vigorously opposed by Trefann Court residents who were led by a young lawyer named John Sewell who later became Mayor of Toronto. In response to Toronto city planners, Trefann Court residents created their own blueprint to save their neighbourhood. The residents' plan advocated restoring the existing housing stock wherever possible, and replacing dilapidated houses with new houses that would be in keeping with the neighbourhood character. This plan was adopted by city council some years later.

The battle over Trefann Court was historically significant in that it helped bring forth or reinforce new urban planning ideas that advocated greater community involvement, less government interference and an enlightened interest in rehabilitating and preserving older neighbourhoods.

There was growing interest in alternatives to urban renewal in the late 1960s. This was driven by the growing awareness of the negative consequences of the redevelopment approach and from their knowledge of housing rehabilitation initiatives in a number of American cities (Baltimore, Philadelphia, Boston, etc.), which showed that rehabilitation was a more effective way to deal urban decay than urban renewal. Interest was also stimulated by program initiatives in Canada that were exploring more cost-effective ways to assist low-income households living in substandard housing.

PEI developed the first reported housing rehabilitation program, in 1969, which was funded under the terms of the Federal Rural Economic Development (FRED) Program. Assistance was in the form of grants of up to the lesser of $1 000 or 50 percent of the cost of labour and materials to owner-occupants to upgrade heating, water supply, plumbing and electrical wiring to bring their houses up to minimum standards. No income limits were imposed based on the view that only needy households would live in dwellings needing such repairs. Other Maritime provinces were watching this experiment closely and were contemplating developing similar programs.[21]

At this time, there was also pressure to use the benefits of the 1964 Canada Assistance Plan (CAP) where the federal government was prepared to share 50 percent of the cost of providing households in need with decent shelter, defined under regulations as any

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[21] Dennis, *Low-Income Housing: Programs in Search of a Policy*, p. 296.

item necessary for the safety, well being or rehabilitation of persons in need, including essential household equipment and furnishings and essential repairs, alterations and additions to property. Only $1.7 million had been disbursed under CAP for this purpose up to 1973, over half of which was in Newfoundland and New Brunswick. Aside from clients being in need, there were few conditions for assistance except that the recipient had to own the dwelling. There was no requirement that the funding had to be used to bring properties up to minimum standards. It was anticipated that if the NHA was amended to provide funding for home repairs CAP could withdraw.[22] This set the stage for more concerted and focused federal action to address the problem of substandard housing occupied by low income people.

A New Perspective

The housing policies, which came to dominate Canada in the final three decades of the twentieth century had their roots in the growing community development movement and concerns about the problems of urban life that were fermenting in the late 1960s. In 1968, a group made up mainly of municipal officials knowledgeable and concerned about urban renewal programs and practices came together to form a national organization called the Canadian Association of Housing and Renewal Officials (CAHRO). CAHRO, which later became the Canadian Housing and Renewal Association (CHRA), continues to promote access to adequate and affordable housing for all Canadians.

At the time a third housing sector, made up of local non-profit and co-operative housing groups and their national affiliates, started to emerge and advocate for non-public and private sector housing solutions. In 1968, the Canadian Welfare Council, later to become the Canadian Council on Social Development organized a national housing conference which brought many of these groups together. Delegates maintained that good quality housing was as socially essential as public education.[23]

In the summer of 1968, the Prime Minister named one of his senior ministers, the Honorable Paul Hellyer, Minister of Transport and also responsible for housing, to lead a Task Force on Housing and Urban Development. This was the first significant assessment of Canadian housing policy since the Curtis Report of 1944, some 20 years earlier. It was a direct response to public concerns about rapid urbanization and sharp increases in interest rates which escalated the cost of housing. Canadians were increasingly aware of urban problems in their own country, but were also concerned by urban unrest in the United States . There was a growing sense that cities were living organisms equally capable of destruction or achievement.[24]

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[22] Dennis, *Low-Income Housing: Programs in Search of a Policy*, p. 298.

[23] George Anderson, *Housing Policy in Canada Lecture Series, Number 3 1967-1984* (Ottawa: CMHC, March 1989), p. 5.

[24] Canada, *Report of the Federal Task Force on Housing and Urban Development* (Ottawa: Information Canada, January 1969), p. 1.

The Task Force set itself the goal of completing its work and issuing a final report within six months. It moved rapidly across the country, talked with people living in urban renewal areas and visited housing projects. Public hearings were held to receive presentations from interested groups and individuals. Members of the Task Force also met with provincial ministers responsible for housing and urban development.

A Call for Action

The Task Force tabled its report in Parliament in January 1969. Of the 47 recommendations, three addressed issues related to the future of urban renewal and housing rehabilitation. The first of these recommended that the wholesale destruction of older housing under urban renewal schemes should be suspended until the total housing stock had increased to the point where a reasonable number of vacancies existed. In all, 48 urban renewal projects were authorized for implementation during the 20 years since slum clearance initiatives first started in 1948.[25]

The reasons given for recommending suspension of the Urban Renewal program were all related to negative impacts on local residents. These included allegations that: i) guarantees to provide alternative accommodation before demolition took place were not always being honored; ii) alternative accommodation, when provided, often involved abrupt and disruptive changes as families were dispersed and social links were severed; and iii) compensation for expropriated property was insufficient to enable residents to purchase another dwelling. The Task Force concluded that it could not, on the grounds of humanity, efficiency and plain good sense, support the notion of demolishing older housing units at public expense at a time when some urban Canadians were still without housing of any kind, new or old.

The Task Force's second recommendation pertaining to rehabilitation called for greater selectivity in the demolition of existing housing within redevelopment areas. On visits to urban renewal sites in Halifax, Montreal and Toronto, members of the Task Force visited row houses that had been rehabilitated to produce dwellings that were attractive, had greater variety and were more culturally sensitive than new replacement housing. It was also argued that rehabilitation could produce such benefits at far less cost than destruction and replacement.[26]

The third recommendation encouraged municipalities to legislate and vigorously enforce minimum standards bylaws. The Task Force was in favour of maintaining existing dwellings, but not by protecting slums or condoning urban blight. Preservation of the older stock was not seen as an automatic process, but rather one that required conscientious and continuing efforts on the part of both government and private homeowners. It believed that municipal policies in this area should be improved through the enactment and strict enforcement of minimum standards bylaws requiring

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[25] Canada, *Report of the Federal Task Force on Housing and Urban Development*, p. 6.
[26] Canada, *Report of the Federal Task Force on Housing and Urban Development*, p. 65.

property owners to maintain their premises to established standards of health and fire safety, as well as general appearance. It observed that only a few municipalities had such bylaws in place, and those that did were often reluctant to enforce them. It concluded that this situation had encouraged urban blight in many major centres.[27]

The most immediate result of the work of the Task Force was that the federal Minister placed a moratorium on any new urban renewal projects. The overall report of the Task Force, however, including its proposals for new social housing interventions, was not well received by the government of the time. Frustrated by the lack of action, Mr. Hellyer resigned from the Cabinet in April 1969. In the following years, however, most the Task Force's key recommendations were in fact implemented, and its work came to be recognized for laying the groundwork and stimulating the interest needed to develop and introduce federal housing policy in the early 1970s and beyond.[28]

Lloyd Axworthy, who rose to become Canada's Minister of Foreign Affairs in the mid 1990s, was an Executive Assistant to Mr. Hellyer during the latter's tenure as head of the Task Force. In the early 1970s, Mr. Axworthy wrote a book about the experience in which he commented on the Task Force's most significant accomplishments. According to Mr. Axworthy, "Hellyer and the Task Force did spark the beginnings of activity that could bring about even more significant changes in the field of housing and urban development. The Task Force evaluated the issues, gave them visibility, created an awareness in the public that something was wrong. They helped to activate many concerned groups and individuals to begin thinking seriously about the problems, and probing for new solutions. The Task Force findings challenged and discredited many conventional wisdoms, and exposed the weaknesses in major programs such as urban renewal, land assembly and public housing as then practiced. They demonstrated the need to find more effective answers. The Task Force also gave rise to new political processes centred on urban issues."[29]

Experimentation

The work of the Task Force on Housing and Urban Development stimulated a great deal of interest and a new commitment on the part of the Federal Government towards the goal of increasing the impact of the NHA and CMHC in addressing the shelter needs of low-income Canadians. This was reflected in an early speech in the House of Commons made by the Honourable Robert Andres, the first Minister of State for Urban Affairs, who was also responsible for Housing. In this he expressed his intention to devote a greater portion of CMHC's capital budget to programs helping low income families, the elderly and the disadvantaged in their legitimate but difficult search for decent shelter.[30] In support of this commitment, the Minister created a Policy Planning

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[27] Canada, *Report of the Federal Task Force on Housing and Urban Development*, p. 66.

[28] Rose, *Canadian Housing Policies*, p. 48.

[29] Lloyd Axworthy, *The Housing Task Force - A Case Study* (Winnipeg: Institute of Urban Studies, June 1-4, 1970), p. 33.

[30] CMHC, Residential Rehabilitation: Policy and Programme (Ottawa: Policy Planning Division, December

Division within CMHC with a mandate to design a package of urban and rural programs to be included in forthcoming legislation to address the need for affordable housing through new construction and rehabilitation.[31] CMHC was also encouraged to test new program design models and gain some practical experience in their delivery to better serve priority low-income groups.

In early 1970, the Minister further announced that $200 million would be set aside in CMHC's capital budget to fund innovative forms of low-cost housing for families and individuals. The program focused on housing needs in major urban areas where conditions of tight rental housing markets and high costs were continuing to create severe pressure on low-income housing opportunities. Six of the 85 projects eventually funded were aimed at preserving and improving the existing housing stock. The sponsors and nature of these rehabilitation initiatives are briefly described below:

- Social Housing Services of Cape Breton, a local non-profit housing group, bought 50 single dwellings for renovation in the Sydney area to be made available for very low-income families on a lease-purchase basis.
- Charest et Frères Limitee, a private company, carried out rehabilitation on 42 units in Montreal's Petite Bourgogne.
- Parallel Institute in Montreal, a non-profit community development corporation, rehabilitated 100 units in Pointe St Charles using local labour.
- The City of Toronto renovated 200 scattered units in Don Mount and Don Vale for low-income families.
- Kinew Housing, Canada's first Urban Native non-profit housing company, purchased and rehabilitated 20 existing houses for Aboriginal people in Winnipeg.
- The Stanley and New Fountain Residential Society/Cordova Redevelopment Corporation Limited rehabilitated two hotels to provide a 103-unit co-operative residence for single persons in Vancouver's Gas Town.[32]

Because of the perceived success of these innovative rehabilitation projects, often undertaken by non-profit organizations, and in response to growing pressure, CMHC adopted a "project initiative and development policy" in 1971. For the first time, it reached out to groups representing low and moderate income people inviting them to apply for rehabilitation loans. The initiative was not as successful as anticipated, and only about 10 percent of the $100 million budgeted was taken up. The groups reportedly could not afford to repay the loans they required, and CMHC was unable to offer the grants and lower interest rates that they requested, except in designated urban renewal areas.[33] The experimental projects that were developed in a number of municipalities under the innovative programs in 1970 and 1971, however, brought about some positive changes and important lessons were learned, particularly with

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8, 1971) p. 1.

[31] Anderson, *Housing Policy in Canada Lecture Series, Number 3*, p. 8.

[32] The Canadian Council on Social Development, *Where the $200 Million Went* (Ottawa: CCSD, March, 1971), Appendix 1.

[33] Dennis, *Low-Income Housing: Programs in Search of a Policy*, p. 299.

regard to serving lower income homeowners and renters. The experience gained in three major cities in this regard are of particular note.[34]

The failure of the CMHC program to generate rehabilitation projects under the sponsorship of public agencies were best exemplified by attempts in Toronto. The Alexandra Park area was planned at its inception as a great new concept in urban renewal that would include both redevelopment and rehabilitation. Initially, the public authority was to buy and rehabilitate 42 houses, which were to serve as an inspiration for private home owners in the area to rehabilitate their own houses. Local residents, however, could not readily take advantage of the incentives provided by CMHC and the City of Toronto in the form of below-market interest rate loans. Not one application for a NHA Home Improvement loan, which required a unit to be rehabilitated to CMHC standard for existing houses, was made in Alexandra Park. The City made only 31 of its rehabilitation loans from 1968 to 1970 in the whole city, even though these required units to be brought to a lower minimum housing standards than required by CMHC. Overall, little was accomplished and even the rehabilitation of the 42 units in Alexander Park by the public authority was eventually abandoned.

Rehabilitation attempts in Don Vale, another Urban Renewal area in Toronto also encountered difficulties. As in the case of Alexandra Park, the City had been trying to encourage private rehabilitation for quite some time when the federal government's 1970 innovative program was announced. Efforts by CMHC and the City to encourage households with incomes below $7 000 to purchase and rehabilitate existing homes through the provision of reduced interest rate loans were thwarted in two ways. First, the actual cost of a minimal house in the city generally exceeded $18 000, which was the authorized limit of NHA loans for existing housing. Second, CMHC's requirement at the time that NHA loans had to be secured by first mortgages meant that most of the funds for the experiment would go towards refinancing existing mortgages rather than rehabilitation. It was also felt that the program would not reach the elderly, who would be unwilling to go into debt at all. Another impasse arose when the province refused to give the City the power to impose rent controls on landlords who received grants for rehabilitation. This meant that low income tenants could face rent increases following the improvements made possible through CMHC renovation assistance.

Montreal was a case where municipal aids for rehabilitation, with some provincial support, were successful and provided a good base for a larger scale rehabilitation thrust. The municipal government was cognizant that successful area rehabilitation projects depended to a large degree on effective two-way communication with local residents. The Housing Department therefore established Ward Offices for each project area. A local bylaw allowed the City to grant subsidies of up to 25 percent of the value of rehabilitation work done for each dwelling. As of June, 1971, 619 units had been rehabilitated at a cost of $1,310,129 (slightly over $2,000 per unit), which required a subside of $327 532 from the City. An evaluation of the program revealed that each

[34] The experience reported is drawn CMHC's Report: *Residential Rehabilitation: Policy and Programme*, December 8, 1971, pp. 30-37.

dollar of subsidy produced nearly four dollars of other work, a multiplier effect which was much greater than that which resulted from government assistance to many industrial development initiatives. Despite the success in Montreal compared to Toronto, it was still recognized that the 25 percent subsidy was not sufficient. The facts that rents were raising dramatically at this time and some 40 000 dwellings in the City were in need of rehabilitation created pressure on all levels of government to act. In response, a one year agreement was negotiated between CMHC, the Province of Quebec and the City of Montreal to share up to 40 percent of the cost of renovation, up to one fourth of the revised assessment of a building, on a 50/25/25 percent basis.

Probably the most significant rehabilitation endeavor to be conceived in Canada in this period, which also represented the watershed in the transition from urban renewal to a more community-focused revitalization policy, was in the Strathcona area of Vancouver. A deteriorated twenty three block residential area housing the City's Chinese community, Strathcona had begun to be redeveloped by the City with medium and high-density structures for public housing in the late 1950s and 1960s. Redevelopment became a more substantial threat to the existing housing stock in 1968 when the City of Vancouver's applied to CMHC for funding under the Urban Renewal program to "clear and develop" the area. Resident opposition, organized under the Strathcona Property Owners and Tenants Association (SPOTA), led to the formation of a project for renewal based on rehabilitation that was unprecedented in Canada at the time.

For the first time, arrangements were made to allow residents to play an equal part with government partners in the neighbourhood renewal process. A tripartite agreement was developed between the three levels of government that permitted rehabilitation costs to be shared on the same basis as in the Montreal agreement. Subsidies, however, were even deeper than in Montreal. A maximum grant of $3,000 with no matching equity was to be available to owners with incomes up to the $6,000 income level. Above this level the grant would drop by 25 percent for each $1,000 increase in household income. In the case of apartments, $1,000 grant per unit was to be provided with no income limitation, subject to a rental moratorium of five years being established. No changes in legislation were needed, as the project was enabled by an enlargement in the interpretation of the section of the NHA dealing with urban renewal to allow individuals to receive grants. Under these arrangements, public funds were not only granted or loaned to homeowners and landlords for housing repairs, but also support was provided for the development of a linear park and an adventure playground. In total, 30 percent of all dwellings in the area were rehabilitated and many more were improved without assistance. Infill units were also built.

Commentaries about the Strathcona experiment at the time noted that no program administrator with a set of criteria for area selection would likely have designated Strathcona for rehabilitation as the area was obviously in the path of higher density development. Yet, the residents were adamant, and showed good faith, even to the extent of requesting the City to re-zone the area to a lower density. The desirability of

the Strathcona neighbourhood was greatly enhanced in subsequent years a a result of this new approach to renewal. Resale prices rose and the community flourished.[35]

A number of valuable lessons were learned from the experiments with housing rehabilitation in Toronto, Montreal and Vancouver as well as in a number of other communities. These assisted in the development of policies and guidelines for more permanent national housing rehabilitation and community improvement programs. In particular, it was learned that:

- Larger subsidies were necessary to assist poor and elderly households and to allow low-income families to undertake rehabilitation without incurring economic hardship.
- Securing the financing of rehabilitation assistance with first mortgages frustrated these endeavors.
- A more flexible approach was needed regarding the application of housing standards for rehabilitation as compared to new construction.
- Program design features rather than legislative mechanisms were needed to prevent landlords from unreasonably raising rents after their units were rehabilitated with government assistance.
- Local citizen participation was critical to the successful revitalization of neighbourhoods.
- Rehabilitation work generates a good deal of employment.

While interesting, the forgoing review of some of the key experiments with alternative approaches for revitalizing housing and neighbourhood environments in older deteriorated neighbourhoods does not capture the mood of the times, which was an important factor in the accelerating process of transformation. These were exciting times and a spirit of change was in the wind, generated by urban growth, economic changes and the experiences being gained by many activists in Canada, as well as from abroad. There was a significant transfer of attitudes and information from the US experience in urban development and citizen participation arising from the American War on Poverty that had been waged since the mid 1960s. The reaction against Urban Renewal had come earlier in the US than in Canada and a considerable amount of experience had been gained in establishing alternative approaches. By the early 1970s, there was a ground swell of interest in and desire for change in Canada amongst many community workers, urban design professionals, housing policy advisors and certainly some politicians. The time to get on with developing direct program responses had arrived.

The foregoing review of the various approaches to revitalizing housing, services and amenities in deteriorating neighbourhoods does not fully reflect the mood of the times, nor the growing interest across North America in developing public programs to better address the needs of the poor and problems of urban decay. The reaction against

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[35] Scanada Consultants Limited, *Three Decades of Innovation in Housing Technology: 1966-1996* (Ottawa: CMHC, October 1998), p. 8.

urban renewal through complete demolition and reconstruction had come earlier in the United States than in Canada, and a considerable amount of experience had already been gained in experimenting with alternative approaches. Information about the growing American experience in urban development and citizen participation was readily available and of considerable interest to Canadians. With this and the benefit of some home-grown experiences by the early 1970s, there was a groundswell of interest in and desire for change in Canada amongst many community workers, urban design professionals, housing policy advisors and certainly some politicians. The time to introduce a new program responses had arrived.

Policy Development

While gaining practical field experience through the various experimental initiatives, the government maintained the moratorium on urban renewal that it had adopted in 1968, pending further studies of urbanization and housing policies intended to support Amendments to the NHA expected in 1972 or 1973, followed by the introduction of new programs thereafter. These studies were undertaken through CMHC's new Policy Planning Division (PPD), which had recruited a cadre of urban policy development specialists who were expected to have a fresh and independent view of CMHC's role and programs. Because of this, there was a certain amount of tension with CMHC's corporate establishment as PPD's work got underway, which was partially addressed through the secondment of seasoned professional, technical and program personnel from other CMHC sectors and divisions to assist in assessing and developing policy and program alternatives. This combination of the new and the old stimulated considerable energy and creativity in housing policy development during the next few years.

Amongst the many initiatives undertaken by PPD at the time, two were particularly relevant to the development of programs to address the needs of declining neighbourhoods and the condition of existing housing stock. The first was the creation of an In City Urban Assistance Research Group (often referred to as the Urban Assistance Task Force) in 1970, chaired by Glen Milne, a Professor at the School of Architecture at Carleton University in Ottawa. The Task Force's mandate was to undertake an assessment of the Urban Renewal program and identify, develop, assess and recommend alternative or modified programs that could be implemented under existing or new legislation. More specifically, solutions were to be sought to ameliorate the living conditions of disadvantaged groups in Canadian cities where there had been a deterioration of the physical conditions of their housing and immediate environment. Environmental considerations related to community facilities and services, both physical and social, that were inadequate to local needs, as well as the lack of opportunities for local residents to be meaningfully involved in responding to the changes and decisions affecting the social fabric of their communities.

The second policy development initiative commissioned by PPD, which also in part addressed issues of housing rehabilitation, was undertaken in 1971 by a Low-Income Housing Research Group (more commonly known as the Low-Income Housing Task Force) chaired by Michael Dennis, then a member of the Faculty of the Osgoode Hall Law School in Toronto. The Task Force was to undertake a review of national housing requirements, low-income housing need and the appropriate role of governments at all levels, as background to the development of program policy alternatives. It reviewed the federal governments limited experience with housing rehabilitation, the use of the existing housing stock to assist low- and moderate-income households in need of affordable shelter and the growing pressure for rehabilitation. It also considered program costs; the role and capacity of the users, industry and other governments; alternative funding mechanisms; and the maintenance of improvements, in its effort to develop a rehabilitation policy consistent with an overall low-income housing policy. The report of this Task Force was published independently in April 1972, by Professor Dennis, under the title "Low-Income Housing: Programs in Search of a Policy", following a disagreement over some elements of the text referring to internal CMHC documents.

Amongst the many working papers prepared for or by the Urban Assistance and Low Income Housing Task Forces and by PPD staff, there were a few which reviewed British and American rehabilitation schemes that provided useful insights as Canadian policies and programs were developed. These noted that in Great Britain, the government provided grants and low interest, long term loans to owner-occupiers and absentee landlords to support housing rehabilitation on a universal basis, supplemented by encouragement in general improvement areas, using compulsory orders only as a last resort. The scheme was reportedly founded on the assumption that homeowner would improve their houses if they were able. Houses in need of repair or basic amenities, it was believed, were that way because the owners could not afford to make improvements, not because they did not want to.[36] Based on its assessment of these and other reports of the British experience, the Urban Assistance Task Force concluded that: i) program finance should be provided by the central government and administration should be done be municipalities; ii) no grants should be paid until the work was completed and inspected; and iii) housing rehabilitation work should be performed in the context of a much broader social rehabilitation program.[37]

In the United States at this time, housing rehabilitation grants were available to owner-occupiers and loans were available to absentee landlord agreeing to controlled rents for buildings with low-income tenants. To be eligible for grants, owner-occupiers had to live in an urban renewal area with building "code enforcement". The American legislation, the working papers suggested, relied much more on code enforcement than it did on ensuring that home improvement financing would be sufficient to motivate the

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[36] CMHC, *Working Paper No. 1, Rehabilitation: A Program Proposal* (Ottawa: Task Force on Low Income Housing, 1971), p. 96.

[37] CMHC, *Report of the In City Urban Assistance Research Group, Volume 5, Housing Conservation and Rehabilitation Urban Assistance Policy Alternatives*, p. 9.

homeowner to make improvements.[38] These and other experiences in the US suggested to the Urban Assistance Task Force that: i) properties held by absentee owners required different treatment than home-ownership property; ii) rehabilitation programs were time consuming and difficult to implement, and must be promoted; iii) having a major impact on absentee owners was dependent on having intermediary institutions acquire and rehabilitate their property; iv) long term financing must be at subsidized interest rates; v) flexible standards should exceed basic health and safety levels, but should not be so high as to make rehabilitation unfeasible; vi) visible evidence of other public improvements were essential to get homeowners to participate; vii) rehabilitation interventions should be on an area basis to maximize impacts and economies; and viii) a rehabilitation program must be designed to handle resident displacement while the work is being done.[39]

Based on its overall analysis, the Urban Assistance Task Force proposed a "pilot" approach to rehabilitation assistance[40] and a community development assistance program geared to the provision of resources to local groups for planning in support of various neighbourhood improvement initiatives.[41] The recommended pilot rehabilitation projects were to be funded through amendments to the NHA permitting grants and loans with interest rates adjusted to the borrowers capacity to pay. These pilots were to be undertaken throughout Canada and be assessed by a research agency which would continue to study related urban problems. Efforts were to be made to engage the provinces in helping municipalities to implement the pilot program, define responsibilities and provide technical consultation in the development of housing codes and training programs. Municipal participation in these new initiatives was also to be encouraged and supported.

The Low Income Housing Task Force went further than the Urban Assistance Task Force and recommended a large-scale rehabilitation program to bring as much of the housing stock in need up to an acceptable level of adequacy. It proposed criteria for determining eligible program costs, the maximum eligible cost for various repairs and the housing standards to be achieved to extend a dwellings useful life by 15 years. In order to provide access to low-income groups, it proposed that grants and/or low interest or no interest loans be provided to homeowners with the actual amount provided being based on a sliding scale depending on the households income. Rehabilitation grants were also recommended for small landlords and non-profit housing groups, including continuing housing co-operatives, acquiring and improving existing rental housing. Preferred interest rate loans were proposed for owners of

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[38] CMHC, *Working Paper No. 1, Rehabilitation: A Program Proposal* (Ottawa: Task Force on Low Income Housing, 1971), p. 96.

[39] CMHC, *Report of the In City Urban Assistance Research Group, Volume 5, Housing Conservation and Rehabilitation Urban Assistance Policy Alternatives*, p. 9.

[40] CMHC, *Report of the In City Urban Assistance Research Group, Volume 5, Housing Conservation and Rehabilitation Urban Assistance Policy Alternatives* (Ottawa: Policy Planning Division, September 1971) p. 3.

[41] CMHC, *An Interim Report on the Findings of the Task Force on Urban Assistance, p. 74.*

larger rental buildings (more than four units) who agreed: i) to comply with building code requirements, and ii) not to raise rents for 10 years.[42]

Some of the program elements proposed by the two PPD Task Forces appeared in the neighbourhood improvement and residential rehabilitation programs introduced several years later; others did not. Clearly a considerable amount of work was also undertaken between 1969 and 1972 by multidisciplinary teams within PPD to supplement and synthesize the work undertaken by the externally led groups and prepare comprehensive and integrated legislative and program proposals.[43] The focus of attention during this period was, however, not only on neighbourhood improvement and residential rehabilitation. New non-profit and co-operative housing programs were also being developed as replacements for or to supplement the public housing program. Work was also getting under way on the development of a package of programs to address critical housing needs in rural and remote areas, with a particular focus on the needs and aspirations of Aboriginal Canadians.

Native Housing Policy and Program Development

In the early 1970s, representatives of the Métis and Non-Status Indians had begun to lobby intensely to focus federal attention on the very poor and crowded housing conditions of their people. Aboriginal Canadians (Status and Non-Status Indians, Métis and the Inuit) living Off-Reserve were widely recognized as being the most poorly housed of all low-income people in Canada. The need for programs to provide assistance for new housing units and the repair or improvement of existing dwellings was desperate, and there were essentially no programs available for this purpose. Up to May 1970, only 196 units of new Indian housing on or off reserve had been provided under NHA public housing programs.[44]

In July 1970, the Minister of State for Urban Affairs formally asked CMHC officials to develop a low income housing policy in which the needs of Aboriginal people would be given particular priority. By early 1971 a range of potential initiatives were developed by PPD to eradicate substandard housing conditions in Aboriginal communities over the next 5 to 7 years, which took into account the need for consultation with Aboriginal people and the provinces. The funding of all reasonable studies and project proposals developed by Aboriginal peoples' organizations over the next six months was also strongly supported.[45]

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[42] Dennis, *Low-Income Housing: Programs in Search of a Policy*, pp. 305-309.

[43] CMHC, *Residential Rehabilitation: Policy and Programme* (Ottawa: Policy Planning Division, December 8, 1971) p. i.

[44] David Crenna, *A Low Income Housing Policy for 1971: Alternatives for Choice* (Ottawa: CMHC, Policy Planning Division, January 1971), p. 22.

[45] David Crenna, *A Low Income Housing Policy for 1971: Alternatives for Choice*, pp. 22, 23

In the fall of 1971, CMHC received a request from the Métis Society of Saskatchewan for funds to perform elementary house repairs with tar paper, chipboard and polyurethane. It was also noted that decent stoves and bedding were also needed.[46] This came to be known as the "Winter Warmth" program. The objective was to keep families dry and warm until a more comprehensive and permanent housing program could be developed by CMHC.

By February of 1972, every provincial Métis association had received a grant to launch a Winter Warmth program for the following winter. While desperately needed, Métis leaders were not satisfied with the program. The repairs were seen to be too insignificant and temporary for the bother involved. Worse, the program was seen as diverting talent and energy from the real task of building new housing and renovating better but still substandard housing units in communities.

Although considerable work remained to be done by CMHC before a new program was ready to address Aboriginal housing needs in rural areas, the stage was set by early 1972 for the introduction of NHA amendments that would provide the basis for a new set of social housing programs.

Legislative Action

A draft bill covering proposed amendments to the NHA, including a new section to allow federal funds to be available on a federal/provincial/territorial (F/P/T) cost-shared basis for the rehabilitation of dwelling units, was introduced in June 1972. The first round of F/P/T discussions was held in the summer and a second meeting was planned, but the bill died on the order paper when the Prime Minister called an election in the fall.

Although the Trudeau government was returned, its majority was so small that it had to rely on the New Democratic Party (NDP) to maintain its position as the Government of Canada. The strong interest of the NDP in all forms of social legislation ensured that new housing legislation would not be delayed for long and that it would be responsive to the Party's concerns.[47]

One of the features of the original draft bill to be reconsidered was the requirement that cost-sharing be a condition for the program to be delivered in a province. The cost-sharing provision was subsequently deleted. Such matching contributions by provinces and municipalities were of concern to the federal government as they might exclude people from benefiting from the program in provinces where matching contributions were not available. Experience with other federal-provincial programs at that time indicated that cost sharing tended to discriminate against the fiscally less capable provinces and led to federal capital and subsidies being determined to a large extent by provincial take-up capacity. It was also recognized that retaining strong

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[46] CMHC, *Native Housing Report* (Ottawa: Policy Planning Division, CMHC, October 1972), p. 100.
[47] Rose, *Canadian Housing Policies*, p. 54.

federal control over the program design would more easily permit future program modifications, if and when required, in a way that would not be possible under cost-shared arrangements. A unilateral federal program was also seen at the time as the best way of satisfying federal concerns that all Canadians achieve at least the same standard of accommodation according to accepted definitions of adequacy. Finally, mandatory provincial cost-sharing was seen as an impediment to early implementation, an important aspect for a program with significant potential for job creation at a time of growing concerns about unemployment.

The third and final reading of the new Bill proceeded and in the spring of 1973, with its approval by Parliament and following Royal Assent, Canada soon had a new package of programs providing assistance for social housing production, neighbourhood improvement and, for the first time, residential rehabilitation.

Summary

It took over fifty years to develop the proper conditions for the introduction of RRAP in 1973. There were four distinct but related developments. The first was the growing recognition on the part of politicians and housing advocates that a portion of the existing housing stock was in a severe state of disrepair and needed to be replaced or rehabilitated. The second was the development of a national legislative and institutional base to mount national housing programs, in particular through the National Housing Act and Central Mortgage and Housing Corporation Act.

The third development was growing resistance to urban renewal through demolition with new replacement housing, particularly large public housing projects, in favour of more community-sensitive approaches which also focused on the rehabilitation and preservation of existing housing and improving other aspects of the physical and social infrastructure. Finally, there was a period of experimentation and learning on effective residential rehabilitation practices though a number of one-off projects. The results provided vital policy guidance for the legislative amendments and design of RRAP.

Chapter 2

Improving Substandard Housing: 1973 - 1985

Urban RRAP and NIP Introduced

The first new neighbourhood and housing rehabilitation programs were introduced by the federal government shortly after amendments to the NHA in June 1973.[48] Conservation and rehabilitation rather than demolition and building new public housing thus became the prime focus of government policy in blighted neighbourhoods. Low- and moderate-income households living in substandard housing were provided with access to financial and technical assistance, and a new emphasis was given to the development of Canada's home renovation industry.

The two new programs aimed at revitalizing aging neighbourhoods and deteriorated housing were the Neighbourhood Improvement Program (NIP), the replacement program for urban renewal, and the Residential Rehabilitation Assistance Program (RRAP).

The purpose of NIP was to encourage and support the efforts of municipalities, in concert with residents, towards the improvement of selected low and moderate income residential neighbourhoods in need of improvements.[49] NIP was intended to conserve, rehabilitate or add required social and recreational amenities and municipal services, to upgrade blighted areas, and to promote the maintenance of the neighbourhood after the work was complete.[50] It also provided direct assistance to local residents to more adequately control and improve their environments. In this regard, NIP supported the efforts of residents to play a lead role in decision making and provided resources for the implementation of initiatives they introduced.

RRAP was initially called the Residential Rehabilitation and Conversion Assistance Program, but this was later shortened. Through RRAP, federal funds were made available through CMHC to improve the housing conditions of low and moderate income people by assisting in the repair and/or conversion of existing residential buildings.[51]

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[48] Parts III.1 and IV.1 of the 1973 NHA set out the legislative parameters of the Neighbourhood Improvement and Residential Rehabilitation Assistance Program respectively.

[49] CMHC, *Evaluation of the Neighbourhood Improvement Program, Main Report* (Ottawa: Neighbourhood and Residential Improvement Division, April 1979), p. 1

[50] David Carlson, *Revitalizing North American Neighbourhoods, A Comparison of Canadian and US Programs for Neighbourhood Preservation and Housing Rehabilitation* (Ottawa: Ministry of State for Urban Affairs, 1978), p. 2.

[51] CMHC, *Residential Rehabilitation and Conversion Assistance Program* (Ottawa: CMHC, General Memorandum (GM) B 775 August 16, 1973).

The RRAP program had four stated objectives:[52]

- To provide assistance to residents living in substandard housing on the basis of need;
- To improve the substandard housing to an agreed level of health and safety;
- To ensure that the quality of repair and improvement substantially extended the useful life of the dwelling; and
- To promote an acceptable level of maintenance of the existing stock.

RRAP was neither a patch-up or band-aid program, nor an attempt to completely modernize and high-grade old housing. It was aimed primarily at ensuring the adequacy of the basic structural and service components of a dwelling. Consequently, first priority for the expenditure of funds was given for such items as heating and insulation, plumbing and electrical systems, and the structural components of a building, e.g., roof, windows, etc. It was anticipated that a dwelling would have an added life expectancy of about 15 years through the investment of RRAP funds.[53]

Some money could, however, be used to improve the environment of the dwelling, such as fences, walkways, outbuildings, etc. The improvement of the external appearance of individual dwellings was seen as a catalyst for broader community efforts to improve the total living environment of a neighbourhood, and was visible evidence of success in this area.

Designed to have Homeowner, Rental and Non-Profit components, RRAP was initially urban- oriented. To maximize its benefits, the program generally applied to properties in areas designated under NIP. However, as some provinces had expressed the desire for greater program flexibility to meet their own housing priorities, the program could be applied outside of NIP areas through special arrangements with a province and to non-profit corporations without area restriction.[54]

RRAP was not a universal program available to all homeowner or rental units on demand. Its close association with NIP was designed to foster synergy and the success of both programs.

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[52] CMHC, *Residential Rehabilitation Assistance Program Evaluation* (Ottawa: Program Evaluation, March 1986), P 15

[53] CMHC, *Urban RRAP Delivery Handbook*, (Ottawa: Residential and Neighbourhood Improvement Division, October 30, 1981), p. A-2.

[54] CMHC, *Residential Rehabilitation and Conversion Assistance Program*, GM B 775, p. 2.

Program Design

The original framework and key design elements of the Urban RRAP program, as described in promotional material at the time it was introduced, are described in Figure 1. Over the ensuing quarter century, the general framework remained much the same, although the program components, design details and emphasis changed.

Figure 1
RRAP Design Framework - 1974

Eligibility for Assistance

The program applied to homeowners and landlords, living in or owning substandard housing in:

- Areas designated for the Neighbourhood Improvement Program;
- In other areas through special agreements with provinces; and
- To non-profit housing corporations and not-for-profit housing co-operatives in any area.

Program assistance was available to:

- Homeowners earning $11 000 per year or less;
- Landlords who agreed to project rent controls; and
- Non-Profit corporations and co-operatives.

Type of Repairs

Priority was given to repair of structural components and upgrading of the plumbing, electrical and heating systems. In addition, non-profit corporations would obtain funds under the program for the conversion of existing residential properties. The nature and quality of repair work was to extend the useful life of the property for up to 15 years. To assist in improving the appearance of neighbourhoods, some work to enhance the external appearance of the dwelling units and their immediate surroundings was eligible.

Program Benefits

Assistance to Homeowners
Assistance was in the form of CMHC loans of up to $5 000 per dwelling unit, at a beneficial interest rate, of which repayment of up to a maximum of $2 500 was forgivable over five years if the housing continued to be occupied and maintained by the applicant. Homeowners earning less than $6 000 were eligible for the maximum forgiveness of $2 500. The forgiveness was reduced by $1 for every $2 of income over $6 000. For example, a person earning $8 000 would be eligible for forgiveness of $1 500.

Assistance to Landlords

Landlords could receive loans up to $5 000 per dwelling unit and were eligible for forgiveness of the maximum amount of $2 500 regardless of their tenant's incomes, providing they agreed to project rent controls.

Assistance to Non-Profit Corporations

Non-Profit housing corporations, including co-operatives were eligible for the same amount of assistance as landlords for the repair of family housing units. In addition, these corporations could use the assistance towards the conversion of existing residential buildings into a greater number of housing units or into accommodation of the hostel or dormitory type. Where assistance was given for the creation or improvement of hostel or dormitory accommodation, loans were limited to $1 000 per bed, of which $500 was to be the forgiven.

Property Maintenance

Loans under this program were conditional on the province or municipality adopting and enforcing appropriate occupancy and maintenance standards to ensure that the property would not fall back into disrepair.[55]

Program Delivery

Delivery of the program was to be undertaken in most instances by municipal agents at the local level. CMHC was to endeavor to assist municipalities in setting up such administration in the early stages of the program. In some cases, it was recognized that the most appropriate administering agency could be a provincial housing corporation.

At the same time that RRAP was introduced, new non-profit and co-operative housing programs were also announced. These supported efforts by non-profit sponsors and not-for-profit continuing co-operatives to acquire property and construct new or rehabilitate existing housing to provide affordable and adequate housing for low- and moderate-income households. These projects could be totally financed by CMHC loans. Ninety percent of a loan was repayable at a preferred interest rate. The remaining 10 percent was funded through a forgivable loan to provide the minimum equity required by NHA Regulations governing high-ratio loans by CMHC. Projects pursuing rehabilitation were able to stack Non-Profit RRAP on these other forms of program assistance. With these new initiatives, there was finally a community-based alternative to the large-scale, government-owned public housing projects that had become so disparaged in the late 1960s. The new package of programs could be delivered by CMHC directly and was not dependent on provincial cost-sharing, although the stacking of provincial program subsidies was encouraged in order to improve the program's capacity to serve low-income households.

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[55] In practice CMHC required M&O Bylaws to be in place but did not monitor their enforcement on an ongoing basis.

Implementation

Preparation for the launch of the new RRAP had proceeded well before its formal announcement. Operational guidelines were developed within CMHC by teams made up of people who worked on its design and others with practical program delivery experience. Very early on, CMHC recruited Robert Hale Jr. to be the first Director of a new Residential and Neighbourhood Improvement Division. His experience in managing a housing rehabilitation program in Syracuse, New York, and developing American rehabilitation programs with the National Association of Housing and Renewal Officials and the Department of Housing and Urban Development in the United States was a valuable asset as the Canadian program was implemented.

Successful implementation of RRAP was seen as dependent upon a coordinated effort on the part of all levels of government. Delivery of the program, its day-by-day implementation and management, it was felt, could best be accomplished at the municipal level, where direct and continuing contact could be maintained with the people who would benefit from the program. For this reason, the federal government preferred that municipalities undertake the administration of RRAP, employing their own staff for this purpose. Building techniques and building and maintenance standards varied across Canada and such a delivery system was seen as best able to adjust to these differences.

Actions to implement RRAP included: preparing operating and loan administration guidelines and procedures; recruiting and training staff; negotiating delivery agreements with provinces, municipalities and other agents; establishing loan and forgiveness budgets; providing information and guidance materials; and preparing and delivering training events. The first loan commitments started in 1974.

The announcement of Urban RRAP along with NIP and a number of other housing production programs, was well received and generated considerable enthusiasm, particularly amongst those interested in preserving and improving the country's housing. The first National Conference on Housing Rehabilitation sponsored by the Canadian Council on Social Development and supported by CMHC was held in Montreal in November 1973, where some 500 people gathered with the stated determination to make the new federal program work. There was an eagerness to share existing knowledge and expertise in the hope that it would generate numerous well-funded projects that would make rehabilitation a reality. There were also concerns expressed about the new program, whether it was sufficiently flexible and adequately funded to provide effective incentives for the renovation, improvement and enlargement of existing low-quality dwellings. Delegates passed a number of resolutions during the final session that were presented to the Federal Minister of State for Urban Affairs, who was also responsible for CMHC. These focused on the delegates' desire to: see forgivable loan limits increased; expand the program to rural areas; improve turnaround times for CMHC loan approvals; provide some financial and technical assistance to

low-income people wanting to repair and continue occupying their homes; monitor and evaluate the impact of the program as it developed; and share such information.[56]

A strong supporting role was played by CMHC field offices in getting RRAP up and running relatively quickly after the program was announced. This included the provision of considerable technical assistance to municipalities, which continued for some time, particularly in medium and smaller communities that had few if any skilled inspection personnel with experience in housing renovation. While many municipal inspectors had new construction experience, this involved a very different set of skills than needed for the identification and specification of repairs and rehabilitation work.

Rural RRAP and the Rural and Native Housing Program

Following on the frustration over the Winter Warmth program, Aboriginal leaders kept continued pressure on the Government of Canada to come up with better solutions for the housing problems in their communities. In September 1973, after consulting with its members, the Native Council of Canada (NCC), now known as the Congress of Aboriginal People (CAP), presented a brief to the Minister responsible for CMHC, calling for a more comprehensive native housing program. The first request in the brief was for improvements to the Winter Warmth program by permitting grants to cover more substantial house repairs. The brief also expressed a strong desire for a new housing production program.[57]

CMHC responded quickly the concerns about the Winter Warmth program and agreed to replace it with an enhanced initiative called the "Emergency Repair Program (ERP)", which became operational on an experimental basis in the winter of 1973/74. As the pressure mounted, work was accelerated within CMHC on the development of a comprehensive Native housing policy which could proceed quickly and would not require further amendments to the NHA. At the same time, careful consideration was also being given to the significant housing needs across rural Canada where the new package of urban oriented social housing, neighbourhood improvement and residential rehabilitation were either not being delivered or were not workable.

After almost three years of consultation and experimentation, the federal Minister responsible for CMHC met with the NCC and the Presidents of Provincial Métis Associations, in March 1974, to announce and discuss the new off-reserve Rural and Native Housing (RNH) Program. The overall goal of the program was the construction, acquisition and/or rehabilitation of 50,000 housing units for Native households over the five years. Rural areas were defined as municipalities and communities with populations under 2,500. Rural RRAP was to be a key component of the new RNH program. Common objectives were shared by both Urban and Rural RRAP, with one

[56] The Canadian Council on Social Development, *Proceedings of the Canadian Conference on Housing Rehabilitation* (Ottawa: CCSD, November 11-13, 1973), p. xvi.

[57] CMHC, *Report of the Special Task Force on Rural and Native Housing* (Ottawa: CMHC, April 1977), p. 5.

exception. For Rural RRAP, the objective of providing assistance to residents was based on assisting the lowest-income, largest families and repairing the worst housing first. Both Homeowner and Rental RRAP were to be offered under the rural program.

Rural RRAP was initially modeled on Urban RRAP, including the requirement that the program only be delivered in designated areas as required under the NHA. This created special problems in some rural and most remote areas, which were dealt with by program policies which permitted large tracts of land to be designated. Flexibility was also required regarding the requirement to introduce and enforce local maintenance and occupancy standards.

CMHC was prepared to assume responsibility for the delivery of Rural RRAP, but was willing to share the work with provinces, municipalities, Native-based and other non-profit organizations. Local Native organizations were also encouraged to participate in the program by forming construction enterprises to perform rehabilitation work.[58]

The announcement of the RNH program also confirmed the continuation of the Emergency Repair Program as a stopgap measure until Rural RRAP and new RNH housing production programs were in place. To prevent overlap between ERP and RRAP, steps were taken to differentiate the benefits available and the application of the two programs. The amount of assistance ERP offered was reduced from more than $3 000 per unit in some locations in 1973/74 to $1 500 per unit in order to make it a less attractive option. RRAP, on the other hand, offered $2 500 forgiveness per unit. In addition, ERP grants were to be targeted to areas and repairs which did not qualify for RRAP: i) provinces without RRAP agreements; ii) projects located outside designated areas; iii) projects in areas pending approval of area designations; iv) houses too dilapidated to be eligible for RRAP; and v) emergency repairs to condemned houses pending replacement.[59]

With both Urban and Rural RRAP underway, the focus of attention in the area of housing rehabilitation over much of the next decade turned from raising awareness and program design to program implementation and refinement. This was done in close co-operation with the Canadian Association of Housing and Renewal Officials (CAHRO), the Native Council of Canada (NCC), municipal, Aboriginal and other delivery agents, and other groups with an interest in the repair and improvement of housing in both urban and rural areas.

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[58] CMHC, *Rural and Native Housing Program: RRAP* (Ottawa: Draft memo from the Program Director of the Residential Improvement Division to CMHC Regional and Provincial Directors regarding the introduction of Rural RRAP, circa 1974).

[59] CMHC, RRAP/ERP Rural and Native Housing Program (Ottawa: CMHC Internal Memo, Rural and Native Housing Division, circa 1975), p. 6.

RRAP Standards

Initially RRAP funding was limited to repairs and improvements to bring dwellings up to building maintenance and occupancy (M&O) standards established by municipal by-laws that conformed with CMHC guidelines. Such standards, however, were quite general and did not provide a satisfactory basis for clearly defining how RRAP was to be used. As a consequence, while the delivery system for RRAP was being put in place across the country, work was proceeding on the development of the first RRAP Standards, which were introduced in June 1976. Intended for use by program administration and inspection personnel delivering RRAP to clients in local areas across the country the standards described how RRAP funding, including both repayable and forgivable loans, could be used to address needed repairs to bring dwellings up to a minimum level of health and safety and extend their useful life for up to 15 years.[60]

The first RRAP standards were expected to generally conform with local maintenance and occupancy by-laws. If the local by-laws were more stringent, they were to take precedence. The new standards acknowledged that there could be exceptional situations where the realization of some of the mandatory standards would not be feasible but where, nevertheless, a RRAP loan would be justified. This was to be a matter of local judgement.[61] It led, however, to only partial completion of RRAP-mandated repairs ("partial RRAP") which was to become a concern throughout the life of the program.

The recommended items in these early standards indicated the maximum work that property owners could do with RRAP assistance if circumstances permitted. Work on the maximum number of items was encouraged, to the extent that an owner could afford them, since this usually did the most to improve the livability of the dwelling and the appearance of the neighbourhood. Improving neighbourhood appearance was emphasized during the early years when RRAP was more closely linked to the Neighbourhood Improvement Program (NIP). A visible sign of such confidence by residents in their neighbourhood was seen as a way to encourage investment by other property owners, as well as an expression of support for other public neighbourhood rejuvenation activity.[62]

Building Support and Capacity

While there was strong support for RRAP amongst municipalities and various housing advocacy agencies, implementation was not always smooth at the neighbourhood level early on. This is well illustrated by a report on RRAP in the City of Halifax.[63] RRAP was introduced in Halifax in 1975, with the City acting as the delivery agent, in

[60] CMHC, *Standards for the Rehabilitation of Residential Buildings* (Ottawa: CMHC GM B 1087, June 1, 1976).

[61] CMHC, *Standards for the Rehabilitation of Residential Buildings*, GM B 1087, p. 3.

[62] CMHC, *Standards for the Rehabilitation of Residential Buildings*, GM B 1087, p. 3

[63] City of Halifax, *The Life Cycle of RRAP in the City of Halifax*, (Halifax: 1982), p. 2.

conjunction with the first NIP project. Following on the heels of urban renewal and particularly the uprooting of the Black community in the City's North End, city staff met with considerable opposition in their initial attempts to deliver a new program that focused on housing rehabilitation. Many of the residents had families and friends who had been displaced by urban renewal when their homes were expropriated by the City. They were suspicious of staff, particularly building inspectors, who they believed were there to condemn and expropriate their houses. They were also afraid of the word "mortgage" in CMHC (Central Mortgage and Housing Corporation at the time), the government agency behind the program, and were skeptical that they were being offered something for nothing.

Fortunately, the design of NIP required local planning and participation, which effectively meant citizen participation in RRAP as well. As a consequence, problems such as those noted above were addressed by opening a neighbourhood site office and ensuring that two of the three people hired to work in it were from the neighbourhood. Block meetings were organized to outline both NIP and RRAP over the first six months. After these actions there was little difficulty in generating interest in RRAP in this or other newly designated areas. The door- to-door delivery of flyers was all that was needed. Once RRAP started to be accepted, city staff offered to undertake inspections to encourage other homeowners and landlords to use the program to carry out necessary repairs. They were reportedly tougher on landlords, as maintenance and occupancy ordinances were enforced where voluntary compliance did not occur. The approach used to introduce and manage the Neighbourhood Improvement and Residential Rehabilitation Assistance programs in Halifax was replicated in most other NIP areas across Canada, with much the same success.

Building neighbourhood confidence in urban areas was one thing, but building the same capacity in rural and remote areas was another. Within two years of introducing the RNH program, the Native Council of Canada expressed considerable dissatisfaction with the operation and results of the RNH program. Concern was also expressed about the extent of Aboriginal involvement in the program. In response, the President of CMHC appointed a Special Task Force of CMHC officials in December 1976 to study and develop strategies to improve the delivery and management of the program.

Following a broad consultation process, during which the members became much more aware of problems with the design of RNH programs and their delivery to low-income households in rural and remote areas, the Special Task Force presented its report in April 1977. It explored a host of concerns pertinent to the selection of RNH clients, the capacity of low-income households to bear the financial demands of home ownership, the difficult and costly nature of program delivery and administration in rural areas and the difficulties of producing a specific number of units within a specified time, while at the same time involving and training clients in the planning and production process. This latter point was noted as the reason the five-year target for the production of 50 000 units having to be extended by two years. While many of these concerns applied to all RNH programs, they also reflected specific problems with RRAP in

isolated rural and remote Native settlements. These pertained to: the inadequacy of loan and forgiveness limits relative to the cost of repairs; the difficulties in securing loans on unregistered land; advancing funds so that materials could be purchased and shipped in time for the work to be undertaken in good weather; and agent fees that did not reflect the real cost of delivering the program in distant places.[64] The immediate response to the Task Force's recommendations was an increase to assistance levels under Rural RRAP and ERP.[65] Steps were also taken to address the other problems identified during the consultations.

On-Reserve RRAP

In early 1978, a housing rehabilitation program based on Homeowner RRAP was included in a package of housing programs to be delivered by CMHC to Native households living on Indian Reserves, in cooperation with the Federal Department of Indian and Northern Affairs. This was in essence, the beginning of the On-Reserve RRAP program.[66] On-Reserve RRAP was to use the same basic program guidelines that were applicable to Rural RRAP along with some specific policies that were only applicable to Indian Reserves. One such policy was that income testing was only applicable to one family occupying an overcrowded house so that loan forgiveness was sufficient to complete all necessary rehabilitation work.

RRAP After NIP

At the end of March 1978, after five years of operation, NIP was terminated as required by the sunset clause in its original legislation. In all, 322 municipalities containing 479 NIP areas were approved for funding.[67] Some of these municipalities were large cities, others were quite small towns. NIP had had an important but not a large scale impact on urban blight given its rather limited resources, but it was acknowledged to have had other important effects on the neighbourhoods it served. Through its emphasis on local resident participation, it fostered citizen involvement in other areas of local government, a phenomenon that has continued. This resulted in a significant reorientation of municipal and provincial policy towards older neighbourhoods. Areas that in the past could not attract public or private investment were the focus of renewed activity. The rationale of the program was certainly not in question; it was needed and it was a welcome reorientation of government policy towards neighbourrhood preservation in contrast to the demolition approach to urban renewal in the 1950s and 1960s.[68]

The NIP Evaluation published in April 1979 noted a productive linkage between NIP and RRAP. Case studies clearly showed that the application of RRAP in NIP areas had

[64] CMHC, *The Rural and Native Housing Program Evaluation* (Ottawa: Program Evaluation Division, February 1992), p. 11.

[65] CMHC, *Rural and Native Housing Program Evaluation*, p. 10.

[66] CMHC, *Annual Report 1978* (Ottawa: CMHC).

[67] Carter, *Neighbourhood Improvement: The Canadian Experience*, p. 14.

[68] Carter, *Neighbourhood Improvement: The Canadian Experience*, p. 20.

been an essential component in achieving a significant level of comprehensive physical improvement. RRAP was also identified as an important factor in arousing the interest and commitment of neighbourhood residents in the NIP planning process. Despite the overall success, there were areas of the interface that were seen as problematic and in need of improvement.

It was suggested that RRAP could be improved by: i) allowing RRAP outside of NIP areas; ii) improving budgeting systems to ensure RRAP funding would be available to municipalities at a sufficient level over a set time span; iii) modifying RRAP Standards to stop homeowners from placing an excessive emphasis on nonessential external improvements (e.g. installation of aluminum siding); and iv) extending RRAP eligibility to include rooming houses.[69] These problem areas were generally addressed in improvements to RRAP in subsequent years.

With the end of NIP, Urban RRAP was due for some changes. Since there were no longer designated NIP areas for targeting RRAP, CMHC introduced new guidelines to maximize the program's impact in "designated rehabilitation areas". This strategy was designed to ensure that RRAP would continue to be concentrated in the areas of greatest need and to avoid situations would greatly exceed annual program budgets.

The early post NIP years were not easy times, however, with an oil crisis, high inflation and significant unemployment. The times called for new program initiatives to address changing government priorities in response to changing conditions. As a consequence, besides addressing the need to improve the condition of the existing housing stock, by the late 1970s RRAP also became a vehicle for improving the energy efficiency of housing. This was done in concert with two new federal programs, the Canadian Home Insulation Program (CHIP) designed to help households reduce their home heating energy consumption and the Canadian Oil Substitution Program (COSP to reduce dependence on oil heating.[70] RRAP clients could also take advantage of CHIP and COSP to improve the energy efficiency of their dwellings. Another federal initiative, designed to generate employment in the construction industry, was the Canadian Home Renovation Program (CHRP) which was introduced in the early 1980s. This program offered forgivable loans to homeowners on a non-income tested basis to cover a

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[69] CMHC, *Evaluation of the Neighbourhood Improvement Program*, p. 50.

[70] CMHC, *The Integration of CHIP and COSP and RRAP* (Ottawa: RRAP Advice 82-008 Dec. 9, 1982):
The Canadian Home Insulation Program (CHIP) provided grants to assist homeowners and the owners of non-profit hostels and apartments of three stories or less to make their buildings more energy efficient through the installation of weather-stripping, caulking and insulating materials.
The Canadian Oil Substitution Program (COSP) provided grants to homeowners and businesses to help meet the cost of converting from oil as a heating fuel to less costly and more plentiful domestic energy sources.
CHIP and COSP grants varied depending on the number of units in a building. CHIP and COSP grants respectively for a single family house were 60 and 50 percent of the eligible cost of materials and labour up to a maximum of $500 and $800 (as of Nov. 15, 1982). RRAP applicants could take advantage of CHIP and COSP. The amount of these grants were subtracted from the total cost of eligible RRAP work and any CHIP or COSP work not covered by the grants under these programs were eligible for RRAP.

portion of the cost of home repairs, alterations and improvements. Although the delivery and design of CHRP was quite different from RRAP, both programs served to create many needed jobs during difficult economic times.[71]

Program Changes 1978

May 1978 brought a number policy changes affecting social housing programs, including RRAP. The social housing production programs introduced in 1973 were not seen as being as efficient as they could be in helping lower-income households since they required large capital outlays and low subsidies. As a result, they were replaced by new Non-Profit and Co-operative housing programs which were based on the use of private capital through insured mortgage financing and continuing assistance to reduce the interest rates on these loans to as low as 2 percent. Initially, it was decided that non-profit and co-operative projects proceeding under the new programs would not be eligible for RRAP. However, this policy was later changed and RRAP became available again to support the acquisition and rehabilitation of existing projects owned by non-profit housing companies and housing co-operatives.

RRAP was affected by the program changes in two areas. First, the interest rate reduction on repayable loans, which had been introduced in the original program design, was removed. Second, to further reduce demands on its capital budget, in 1979 and subsequent years, CMHC introduced the requirement that capital funding for Rental RRAP be provided by NHA approved lenders. With the change from CMHC to insured private lending, Rental RRAP became known as RRAP P (Private). CMHC continued to provide direct loans to landlords in circumstances where private funding was not accessible, e.g., in rural areas and in urban areas where the landlord occupied one unit in a two-unit building and rented the other.

The advent of RRAP P led CMHC to introduce a number of administrative processes, including viability assessments to ensure the benefits of the forgivable part of the loan were passed on to tenants through at or below market rentals. While the switch from direct to insured financing had a strong rationale from the perspective of managing government borrowing, it was not particularly well supported by private lenders. Many saw these types of loans as too labour intensive and costly to administer, and consequently chose not to participate in the program, causing commitments to fall by more than one half from 9 581 units in 1978 to 4 375 units in 1979.

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[71] **The Canada Home Renovation Plan** (CHRP) used renovation as a vehicle for employment generation. Assistance was made available in the form of a forgivable loan to cover up to 30 per cent of the cost of eligible repairs, alterations and improvements (up to a $3 000 ceiling). The program, while designed principally for employment creation, resulted in over 250 million dollars of renovation expenditures during 1981 and 1982. Recipients were required to provide a portion of the cost of the work from their own resources. Because of this leveraging effect, CHRP expenditures had a greater impact on the renovation industry than RRAP expenditures. Over the long term, CHRP created 8 000 jobs across many sectors of the economy. CHRP recipients also indicated that the overall quality of their dwelling had improved as a result of the work undertaken through CHRP. CHRP and RRAP could not be stacked on one another.

Federal efforts to address the housing problems of low- and moderate-income households during the mid-1970s were channeled through a mix of public and third sector (non-profit and co-operative) housing production programs as well as RRAP. While this strategy permitted a broad range of housing providers serving lower-income clients to be supported, there were some notable exceptions. Chief amongst these were the owners of the stock of low-rental rooming houses and hostels, usually located in downtown areas of major urban centres. In recognition of this gap, and in response to pressure from many of the major municipalities, private owners of rooming houses were given access to Rental RRAP loans and forgiveness in early 1979. Previously, these loans were only available to non-profit corporations and co-operatives.

Repayable loans for rooming houses were to come from private sources with forgiveness provided by CMHC.[72] Notwithstanding their eligibility for RRAP assistance, however, it was found that many rooming houses in very poor condition could not be brought close to health and safety codes within the funding levels available at the time. There was also some reluctance to approve partial RRAP in such circumstances because of concerns about safety and liability.

Program Reviews and Improvements

The delegates at the 1973 National Conference on Housing Rehabilitation called for regular assessments and evaluations of RRAP. By the late 1970s, although there was evidence that the program was doing well in most areas, and that eligibility and benefits had been improved[73] there were some concerns being expressed both within and outside CMHC, about problems with the program design, the delivery process, contractors and the quality of work completed. Concerns were also expressed about the impact of the program on tenants. In response, CMHC commissioned the first overall evaluation of RRAP, which focused on the impact of the urban portion of the program, based on a survey of homeowner and landlord/tenant clients, and the municipal agents who delivered it in over 250 communities. The findings of the evaluation were reported in December 1979.[74]

The results showed that there was a high level of satisfaction with RRAP amongst most homeowner and landlord clients. However, some homeowner-clients expressed concerns with the loan application process and in dealing with contractors where problems included; delays, increased costs, incomplete work and poor workmanship. Landlords also had concerns with program administration, and a significant minority

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[72] CMHC, *New RRAP (P) - Rental (Urban) Rooming House Guidelines* (Ottawa: GM B 1398 August 4, 1979

[73] In April 1976, CMHC General Memorandum B 1084 extended RRAP HO and Rental maximum loans and forgiveness from $5 000 and $2 500 to $10 000 and $3 750 respectively. The method by which borrowers with incomes over $6 000 could obtain maximum forgiveness was changed to provide a disincentive to partial rehabilitation. Borrowers could maximize their assistance only if they obtained a loan to cover all rehabilitation.

[74] CMHC, *An Evaluation of RRAP* (Ottawa: Social Policy Research Associates, December 1979).

also had difficulties with the actual rehabilitation work done. The impact of RRAP on tenants was found to be either benign or positive in the great majority of cases.

Delivery agents estimated that 30 percent of the units in need of rehabilitation could not be reached within the current program funding limits. Recommendations for improving the program offered by delivery agents focused heavily on incentives and income eligibility factors as well as ways to address the problems identified in the client surveys. Based on the results of the survey and the consultant study team's own analysis, 37 recommendations were advanced. These included: extending program eligibility to more households; improving benefits so more necessary work could be done; enhancing the quality of delivery; and upgrading the quality of repair work undertaken.

As part of the follow up action to the evaluation findings, in June 1980 the President of CMHC announced that a Task Force comprised of representatives from the Canadian Association of Housing and Renewal Officials (CAHRO) and CMHC would be established to undertake a comprehensive review of RRAP. The purpose of the review was to reassess the objectives, the policies and the delivery aspects of the program. The Task Force solicited briefs and welcomed comments and suggestions for practical program improvements from all urban and rural delivery agents. Meetings were held across the country at which delivery agents were invited to present briefs that served as the bases for regional summaries and a national synopsis. Recommendations from these reports were prepared and published in May 1981 and served as the basis for numerous program improvements and refinements during the review process and over the next few years. These included:

- improvements to existing program components, including increases to income limits and related loan and forgiveness levels; (See Appendix B for more details.)
- revisions to income definitions and reducing the period of earning forgiveness under Rental RRAP to five years;
- introduction of new program components such as making RRAP geographically universal where a dwellings accessibility was being improved for persons with disabilities;
- introduction of a RRAP Tenant Displacement Allowance to help defray costs when a unit could not be occupied while certain repairs were undertaken: - $20/day first two persons, $10/day for each additional person;
- enhancements to program delivery, which gave delivery agents more decision making authority and improved administration requirements and agreed turnaround times;
- introduction of a number of new training initiatives through CMHC's new Rehabilitation Skills Training Centre;
- introduction of measures to improve the targeting of Urban RRAP to priority communities and areas on the basis of need and ensure the effective take-up of program budgets; and

- measures that fostered more effective communications between RRAP delivery agents and CMHC.[75]

Three of the areas where improvements were made are reviewed in more detail below.

Planning and Allocations

While the details of Urban and Rural RRAP design and delivery systems were under active review in the late 1970s and early 1980s, other developments were underway which would have both a short- and long-term impact on the way all social housing program resources were being allocated by CMHC to the provinces as well as within them. This was in response to a growing awareness that the rationale for allocations was unclear and often inequitable in terms of addressing the relative need for assistance across the country. As well, there was a demonstrated need for more effective systems for planning and reallocating program resources during the year to ensure that funds voted by parliament were fully used for their intended purpose.

Throughout the 1970s, the distribution of urban RRAP allocations was primarily driven by demand and a desire to repair a critical mass of houses in NIP and specially designated areas. This approach, as noted earlier, was criticized by the CMHC/CAHRO Task Force in 1981. Consequently, a Capital Budget Control Plan for RRAP was formally introduced by CMHC in June 1982 to provide objective guidelines and criteria for allocating Urban RRAP assistance to the provinces and to designated new municipalities and new areas within municipalities already participating in the program.[76] The Plan was to be implemented over a 10-year period to allow for gradual adjustments in the allocations. This was deemed particularly important for smaller provinces where even a small realignment of resources could be seen as significant. It was also intended that the Plan would assist in the management of RRAP budget reallocation throughout the year to better ensure their full take-up by year end.[77]

For urban areas, the Capital Budget Control Plan consisted of two components: the Urban Priority List (UPL) and the Rehabilitation Delivery Schedule (RDS). The UPL was an "advisory list" that ranked, in a standardized manner by province, eligible urban municipalities according to their need for rehabilitation. Thus, those with the highest proportion of their housing stock in need of repair were higher on the provincial ranking.[48] The UPL was used by CMHC Regional and Branch offices to help determine budget allocations and in making new area designations.

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[75] CMHC, *Rental RRAP - Status of Recommendations of the Report of the Joint Task Force on RRAP* (Ottawa: RRAP Advice # 83-014, May 6, 1983).

[76] CMHC, *RRAP Capital Budget Control Plan* (Ottawa: RRAP Advice # 83-016, April 20, 1983).

[77] CMHC, *Residential Rehabilitation Assistance Program Evaluation*, 1986, p. 148.

The RDS, on the other hand, was a means by which a municipality could systematically articulate its proposed participation in RRAP over a multi-year period and integrate the initiative within its broader planning processes. It helped municipalities identify housing conditions in each rehabilitation area, the need for RRAP assistance , the projected take-up and their delivery strategy. The RDS, which was included in Urban RRAP Delivery Manuals, served as a primary source document for program planning and financial and delivery management for both CMHC and the municipality.

In rural areas, the allocation process was not subject to a formal control plan. Budgets were generally allocated to areas on the basis of past activity. The only governing rule was to respond to demand and the desire to achieve RNH program production targets, by redirecting budgetary surpluses from urban or rural budgets to rural areas that were most in need.[78]

Responding to the Needs of Persons with Disabilities

In the early 1980s, there was a growing awareness of the need for special physical adaptations to permit persons with disabilities to remain independent in their own homes. In recognition of the forthcoming International Year for the Disabled and because of recommendations from the CAHRO/CMHC Task Force in May 1981, CMHC expanded the criteria for eligibility under RRAP. These included improvements that would make homeowner and rental dwellings more accessible for disabled occupants. Further, an additional $3 000 supplement was added to the maximum RRAP loan, of which $1 500 could be forgiven for accessibility work.

This initiative increased the available housing stock suitable for disabled persons. It was particularly important in those situations where a recently disabled person wished to remain in the same dwelling. Modification assistance for the disabled was also important in rural areas where few institutional facilities and other alternatives existed. From an economic point of view, adapting existing dwellings to support independent living for disabled occupants could be demonstrated as more cost-effective than an institutional option. The Special Parliamentary Committee on the Disabled and the Handicapped, at the time, estimated that institutionalization cost approximately $30 000 per disabled person per year, while independent living cost only $8 000, an annual saving of $22 000 (in 1982 dollars) per disabled person.[79]

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[78] CMHC, *Residential Rehabilitation Assistance Program Evaluation*, 1986, p. 149.
[79] CMHC, *Residential Rehabilitation Assistance Program Evaluation*, 1986, p. 63.

Rehabilitation Skills

Concerns were expressed in the 1979 RRAP evaluation about the poor quality of some house repairs. The subsequent CAHRO/CMHC Task Force saw this as a program delivery problem associated with inconsistency in training of inspectors, administrators and others involved in the housing rehabilitation process. The Task Force noted that the rapid expansion of the industry through the 1970's and introduction of programs such as RRAP, CHIP and the initiatives of other levels of government created the need for specialized program delivery functions related to existing house inspections and program administration.[80] Inspection functions related to diagnosis and specification writing were viewed by those involved as being as important as the execution of the work.

Much of the direct program delivery and rehabilitation work at the time was being undertaken by personnel who had learned their trades and previously practiced their skills in the construction of new housing. Many of these skills were either inapplicable or needed to be modified substantially for successful housing rehabilitation. In the absence of appropriate training, new knowledge and skills were being acquired on the job, through the expensive process of trial and error. There were also no specialized training courses or textbooks dealing with housing renovation techniques within the education system at the time. The project management skills of the tradesmen who established many of the small housing rehabilitation companies that emerged were weak or often nonexistent.

Because of the need for enhanced skills training, the Housing Rehabilitation Skills Training Centre (RSTC) was formally created within CMHC in September 1982, although work in this area had started in 1978. The general objective of the RSTC was to improve or increase the knowledge and skills of those inside and outside CMHC involved in the conservation and rehabilitation of the existing housing stock throughout the country.

CMHC's strategy for RSTC was to develop and market quality courses for program delivery agents and the managers of small rehabilitation companies that could later be taken over and operated on a continuing basis by community and technical colleges across Canada. Three of the initiatives taken by RSTC are worthy of particular note. First, four highly successful courses were developed that directly responded to the earlier expressed needs. These covered:

- Inspecting Dwellings and an Introduction to Specification Writing
- Specification Writing and Cost Estimating
- Energy Conservation in Renovation
- The Management of Project Implementation

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[80] CMHC, *Report on the Residential Rehabilitation Assistance Program; Joint CAHRO, CMHC Task Force*. (Ottawa: CMHC, May 15, 1981), p. 23.

Second, a task analysis of knowledge and skills required within the rehabilitation industry was initiated during 1982 which set the stage for further work which it was hoped would lead to the development of a renovator's certification program.

Third, while work continued on course development and delivery, as well as the task analysis, discussions with community and technical colleges were also progressing, with the result that many expressed interest in becoming involved and taking over the delivery of the courses.[81][82] By 1984, 30 training sessions had been delivered by RSTC directly and many more were being offered through 11 technical and community colleges located in all regions of the country. These courses, which were fully subscribed and very well received, had significant benefits to RRAP delivery specifically and to the development of a more skilled housing renovation sector generally.

Having achieved its objective pertaining to the development of quality courses and their delivery through established educational channels, the RSTC was closed down in 1984. However, the courses it developed continued to be delivered in support of housing rehabilitation programs and the growing renovation industry.

Recognition of Higher Repair Costs in Rural and Remote Areas

The achievements and problems of the RNH program were reviewed again in 1980 by CMHC's Program Evaluation Division. While reporting that the RNH program had exceeded its early 50 000 unit targets (over 80 percent through rehabilitation), data from the Secretary of State and the Department of Indian Affairs and Northern Development (DIAND) indicated that a further 83 903 new and rehabilitated units were needed amongst rural people, of which 26 625 (31.7 percent) were needed by Native groups off-reserve. The Review also revealed that in spite of the changes made following the report of the 1977 Special Task Force, many of the old problems still persisted in the RNH program and new problems had surfaced. In response to the 1980 Review, CMHC initiated a consultation process on Rural and Native Housing in August 1980 that was followed by a formal request to Cabinet several years later for a more comprehensive RNH program, with particular emphasis on the construction of new housing units. An increase in RRAP assistance was recommended in recognition of the higher costs and lower incomes of clients in rural and remote areas. Targets for the proportion of program benefits going to Native clients were also recommended to better ensure they received a share of resources reflective of their desperate need. At least 50 percent of the benefits under the RNH program nationally were to be allocated to Native households living off-reserve by 1988.[83]

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[81] CMHC, *Housing Rehabilitation Skills Training Centre* (Ottawa: GM B 1718, September 15, 1982).

[82] Keith Hornsby, *A Rehabilitation Skills Training Centre - The Housing Industry Adjusts to Rapidly Changing Needs* (Ottawa: CMHC, 1982), p. 2.

[83] CMHC, *The Rural and Native Housing Program Evaluation* (Ottawa: Program Evaluation Division, February 1992), pp. 11-13.

Although the comprehensive RNH program was adopted in principle by the federal Cabinet in early 1982, the introduction of the new policies without new funding commitments effectively prevented their implementation. Early in 1984, CMHC's new Minister obtained Cabinet approval for the changes along with a budget increase.[84] In February 1984, the first significant changes to Rural RRAP were announced since the program was introduced. These involved the creation of three geographical zones for the determination of maximum loan forgiveness and increases in the levels of forgiveness in more costly northern areas. In Zone 1, generally the Atlantic provinces and the southern half of the other six provinces, maximum forgiveness remained at current levels ($5 000 per unit). Zone 2 included the northern half of the provinces west of and including Quebec where additional forgiveness was available to $6 250 per unit. Zone 3 was the two northern territories, northern Quebec and Labrador where $8 250 forgiveness was available. In all zones, the maximum loan available under RRAP was also increased. The additional assistance for disability work was also available.[85] These and subsequent changes to loan and forgiveness levels are shown in Appendix B, Figure B.2.

Program Evaluation

CMHC's Program Evaluation Division began to work on a new comprehensive evaluation of RRAP in 1983 to assess its performance since it started in 1973. The format for the evaluation was based on guidelines on federal program evaluation prepared by the Office of the Controller General. The purpose of the evaluation was to aid program decision-making and management, and provide a source of information for resource allocation, program improvement and accountability. It involved the systematic gathering of data on the program and evidence of its results. The generally positive conclusions from this evaluation are highlighted in Chapter 7, which addresses the accomplishments of RRAP. The conclusions that had a direct bearing on subsequent program changes are reviewed below.

- **Targeting** - While Homeowner RRAP was generally well-targeted to lower income households it was not as successful at reaching the very lowest income groups. Further, it was found that a good portion of the recipients could have financed additional repairs without a major debt burden. Many had substantial equity in their homes, averaging over $35 000, although substantially less than homeowners in general. Equity tended to be higher in urban and increased with the age of the household head.[86] The examination of Homeowner RRAP income limits revealed that, with inflation, lower income households found it increasingly more difficult to keep the cost of work either within the forgiveness amount or an affordable repayable loan amount. Consequently, in order to fully spend the annual program

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[84] CMHC, *The Rural and Native Housing Program Evaluation*, pp. 11-13.
[85] CMHC, *RRAP Program Evaluation*, 1986, p. 12.
[86] CMHC, *RRAP Program Evaluation*, 1986, p. 84.

budget, higher income clients were encouraged to apply to replace those who could not afford to participate.[87]

- Rental RRAP was not as well-targeted to the lower income households as Homeowner RRAP and its tenants were not necessarily those in greatest need.[88] It was also noted that rent increases averaged 30 percent after units received RRAP, which contributed to affordability problems even though high levels of tenant displacement were not found.[89]
- **Standards** - A significant proportion units receiving RRAP contained at least one substandard item related to their continued useful life after the work was completed. It was suggested this was due to the inclusion of nonessential repairs at the expense of work on mandatory items that would have cost about the same to complete. Items were repaired or partially replaced when full replacement or removal of the substandard element was necessary to bring the item up to standard. Notwithstanding this conclusion, the outstanding work in all categories was found to be minor in nature and not sufficient to create health and safety hazards.[90]
- **Designated Areas** - Rehabilitation activity in total was not greater in RRAP designated areas than in comparable non-designated areas. No evidence was found to prove that RRAP encouraged other property owners to rehabilitate their own units. Significantly less private rehabilitation was actually found to occur in RRAP areas than in comparable non-RRAP areas.[91]
- **Delivery** - The evaluation indicated that some modifications to the delivery fees were warranted, particularly to cover salary and transportation costs due to travel in rural and to remote locations.[92]

Although the evaluation was not published until 1986, its key findings and conclusions were available in 1984 to support major reassessments of social housing undertaken by a new federal government. This review led to the development and announcement of new social housing program directions in late 1985 for implementation in 1986. As a consequence, 1985 was the last year for commitments under the original program design and the end of the first phase of RRAP.

Pre 1986 RRAP Outputs

The achievements of RRAP during the eleven year period from 1974 to 1985 were substantial. Federal loans totaling more than $1.3 billion were committed to support the rehabilitation of a large number of substandard dwellings, including 331 800 self-contained units and 16 800 rooming house/hostel beds. To directly assist households in need, commitments were also given to owners and landlords to forgive

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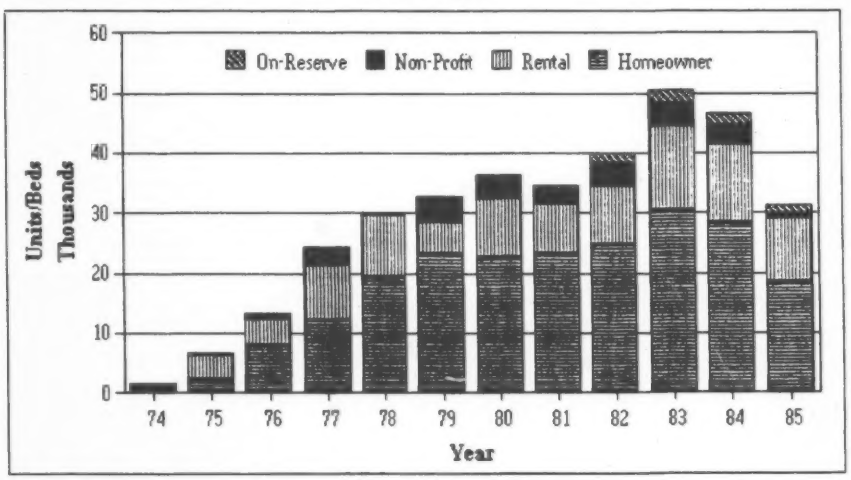
[87] CMHC, *RRAP Program Evaluation*, 1986, p. 129.
[88] CMHC, *RRAP Program Evaluation*, 1986, p. 242.
[89] CMHC, *RRAP Program Evaluation*, 1986, p. 244.
[90] CMHC, *RRAP Program Evaluation*, 1986, p. 102.
[91] CMHC, *RRAP Program Evaluation*, 1986, p. 253.
[92] CMHC, *RRAP Program Evaluation*, 1986, p. 165.

approximately $1.2 billion of the total amount lent. Federal assistance over the period averaged $3 416 per unit/bed committed.[93]

The chart in Figure 2 compares the total number of units and beds committed each year under the four pre 1986 RRAP components (Homeowner, Rental, Non-Profit and On-Reserve). It is important to note that overall there was a strong demand for RRAP and a delivery capacity developed very quickly to commit whatever budget was made available to support the program. Consequently, the increases and decreases in annual commitments overall were driven by the level of funding authorized by government and were not constrained by lack of demand or delivery capacity.

Figure 2
Unit/Bed Commitments by RRAP Component
1974 - 1985



Source - Canadian Housing Statistics

The chart shows that RRAP grew rapidly in its partnership with NIP, with commitments increasing at an average annual rate of 33 percent over the five years from 1974 to 1978. ' Over the subsequent seven years, commitments did not fall below 30 000 unit/beds per year, and in the best year, 1983, over 50 000 unit/beds were committed.

Over the period 1974 to 1985, 61 percent of all the units and beds committed under RRAP were to homeowners, 29 percent were to rental landlords, 7 percent to non-profit project sponsors and 3 percent were to On-Reserve clients.

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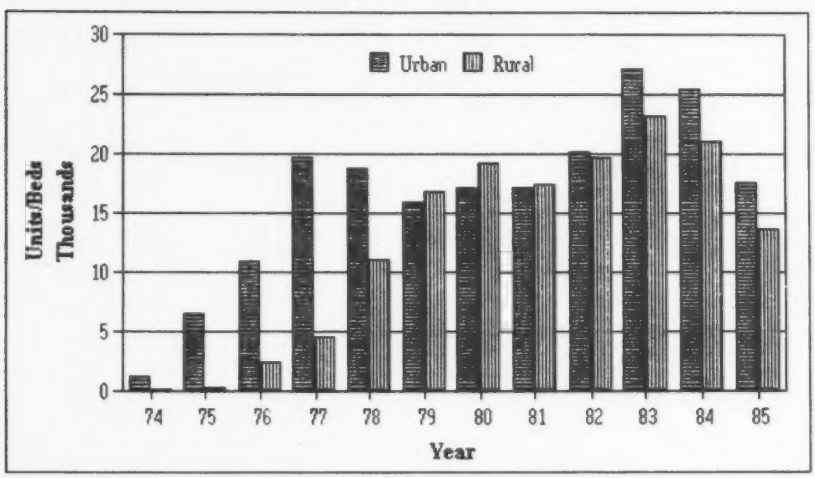
[93] CMHC, *Canadian Housing Statistics, 1986 through to 1998* (Ottawa: Statistical Services Division).

The chart in Figure 3 compares annual Urban and Rural RRAP commitments over the period from 1974 until 1985.

Figure 3
Urban and Rural RRAP Commitments
1974 - 1985



Source - Canadian Housing Statistics

The chart in Figure 3 shows the rapid increase in commitments under both Urban and Rural RRAP during their first five years, to the point where Rural commitments actually exceeded Urban commitments for three years (1979 - 1981). This was likely due to a significant reduction in Rental RRAP take-up after RRAP P was introduced in 1979. Overall, 57 percent of the units and beds actually committed under RRAP were in urban areas and 43 percent were in rural areas of under 2 500 population. Given that 75 percent of dwellings in need of major repair were in urban areas and 25 percent were in rural[94], the distribution of RRAP commitments clearly reflected the governments desire to give priority to rural and remote areas where some of the worst housing conditions in the country existed.

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[94] CMHC, *RRAP Program Evaluation*, 1986, p. 35.

Summary

This chapter provided an overview of the first operating period for RRAP, from the time the program was announced in 1973 until 1985. There were also three critical and overlapping developments over this 13 year period. The first was the implementation of the RRAP program along with NIP starting in 1973, as part of a comprehensive approach to neighbourhood revitalization. This period included the building of an effective national delivery capacity, in partnership with municipalities and other local groups, which fostered strong program take-up. The second development was the ongoing refinement to the program's design through measures like the introduction of RRAP Standards, the expansion of eligibility to serve clients in rural, Native and On-Reserve settlements, and persons with disabilities. The third critical development during this period was the completion of several program reviews or evaluations which led to significant new directions for RRAP beginning in 1986.

Chapter 3

Targeting to Core Need: 1986 - 2000

Program Review

In its first economic statement after taking office following the 1984 general election, the Conservative Government set out the major social policy directions it intended to pursue. These focused on the need for deficit reduction, directing government funds to those most in need, and improving federal/provincial cooperation. Housing was identified as one of several federal expenditure areas that required further review before decisions would be made on changes to policies and programs. To facilitate the review process and to build consensus, the Minister responsible for CMHC issued a Consultation Paper on Housing in January 1985 to stimulate debate and focus discussion. The Paper outlined the challenges, issues and choices facing the government as it set out to establish clear housing policy and program objectives, expenditure priorities and the most cost-effective program designs. The review process included consultations with the provinces as well as all participants in the housing sector and other interested parties.

A small portion of the Consultation Paper addressed renovation. Within this area, there was a suggestion that renovation assistance to low-income households might be a more cost-effective means of providing social housing assistance than the construction of new social housing accommodation. Consequently, respondents were asked to consider RRAP as an available tool for addressing social housing need even though traditionally it had not been viewed solely as a social housing program.[95] While this was an important consideration, it was clearly not the point of departure for a substantive reassessment of RRAP. This was left to another government initiative.

In September 1984 the government had established a Ministerial Task Force on Program Review, chaired by the Deputy Prime Minister, the Honourable Eric Neilsen. The Neilsen Task Force as it grew to be known had two major objectives: to provide better services to the public; and to improve the way government programs were managed. The housing program review was carried out by a study team composed of private and public sector specialists, including representatives from provincial and municipal governments. The report of the Task Force, titled "Housing Programs: In Search of Balance" was released in June 1985. It challenged the wisdom of spending federal social housing funds on anyone but the poor.

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[95] Canada, *Consultation Paper on Housing* (Ottawa: Government of Canada, January 1985), p. 19.

The study team observations on RRAP primarily focused on four issues related to targeting. It noted: i) RRAP could be a cost-effective alternative to social housing programs, particularly if it was targeted to those households who would otherwise require a new unit; ii) Urban RRAP did not allow for full program targeting to those most in need because it was available only in designated areas; iii) Homeowner RRAP was also not well targeted to low-income households living in substandard dwellings because mandatory repairs could often not be completed within the forgivable loan limits. More long-term social housing assistance was seen as being required by such clients; and iv) Rental RRAP was not well targeted because funds were directed to landlords and involved no means test for tenants. The study team believed that RRAP could be improved in these areas by provincial contributions within guidelines to ensure federal objectives and standards related to targeting, complete repairs and on-going maintenance were met.[96]

In response to these concerns, the Study Team proposed that the government consider incorporating RRAP into the overall strategy for social housing assistance, with the following modifications:[97]

- Target homeowner RRAP assistance exclusively to those households in substandard housing without affordability problems but who could not afford alternative suitable and adequate accommodation;
- Remove the requirement for RRAP to be limited to designated areas in urban centres in order to allow the most needy households to be served regardless of location;
- Restrict RRAP assistance (loan forgiveness) to cover only substandard essential items, with the cost of optional items being the responsibility of the homeowners;
- Increase the amount of loan forgiveness if it was found in the future to be insufficient to allow the most needy households to repair essential items; and
- Introduce rent limits to provide rental RRAP subsidies only to those landlords providing rental accommodation at or below average market rents in a particular community;

The study team also recommended that the government consider encouraging provincial cost-sharing of RRAP so that increased levels of assistance could be provided over time while maintaining or decreasing federal expenditures. It also recommended that alternative options be explored to encourage moderate-income households to undertake rehabilitation without direct subsidy assistance. Such options included: the provision of information about rehabilitation, facilitating access to inspection services and assistance in working with contractors, and facilitating access to financing through mortgage insurance for renovation loans and reverse mortgages.[98]

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[96] Canada. *Housing Programs: In Search of Balance: A Study Team Report to the Task Force on Program Review* (Ottawa: Government Publishing Centre, June 1985), p. 76.

[97] Canada. *Housing Programs: In Search of Balance*, p. 78.

[98] Canada. *Housing Programs: In Search of Balance*, p 79

New Directions

In mid December 1985, the federal Minister responsible for CMHC introduced policies reflecting both the results of the consultation and program review, as well as the Government of Canada's commitment to provide national directions for housing solutions. The announcement indicated the need for federal housing resources to be focused more directly on those in need and to be more responsive to the desire for regional flexibility. The complete package of new social housing programs was intended to create new non-profit housing projects, provide rents supplements assistance and housing rehabilitation assistance for homeowner and renter households. In addition, a new RRAP component was announced to meet the needs of persons with disabilities. Rural and Native Housing programs were to continue in recognition of the special needs in these areas. On-Reserve Housing programs, including On-Reserve RRAP were to continue, pending discussions with DIAND.

Non-Profit RRAP was discontinued and the owners of new and existing social housing projects receiving other ongoing federal social housing subsidies not to be eligible for Rental RRAP. This was because the new federal social and co-operative housing programs offered sufficient subsidy to cover approved acquisition and repair costs when existing residential properties were being improved. The owners of non-profit and co-operative housing projects already receiving federal subsidies were seen as having access to replacement reserve funds and internal subsidy pooling to generate funds to cover needed repairs and upgrades.

In summary, there were to be three RRAP components: Homeowner and Rental RRAP and RRAP for Persons with Disabilities, all of which would be universally available in urban and rural areas; and a fourth, On-Reserve RRAP, which would continue to be targeted On-Reserve. New, but quite separate objectives, were established for the first three RRAP programs, as described below:

Figure 4
Post 1986 RRAP Objectives

Homeowner RRAP
To assist households in need, who own and occupy existing substandard housing to repair, rehabilitate or improve their dwellings to a minimum level of health and safety.

Rental RRAP
To assist households in need occupying substandard rental housing by providing assistance to the owners to repair, rehabilitate or improve their dwellings to a minimum level of health and safety.

RRAP for Persons with Disabilities
To assist in the repair, improvement, or modification of existing homeowner or rental housing to improve the accessibility of the dwelling unit for disabled persons.

The most significant common feature of most of the new social housing programs, which now applied to Homeowner RRAP, was that eligible applicants had to be in core housing need. To be in core need meant that households were unable to obtain suitable, adequate and affordable accommodation without paying more than 30 percent of their incomes for shelter. Core need income thresholds (CNITs) represented the income levels beyond which a household was determined to be able to acquire suitable and adequate housing within its market area for less than 30 percent of the total household income and became the upper income limit for Homeowner RRAP eligibility.

This change was clearly made to improve the program's targeting to low-income households, as called for in the preceding program review and consultation. RRAP was made geographically "universal", meaning that designated areas no longer applied. This change was in response to earlier proposals to make access more equitable by permitting funds to be targeted to units, rather than areas in need, and skepticism about the extent of the impact the program was having on the designated neighbourhoods to which it had previously been targeted. Other changes were designed to ensure mandatory repairs were addressed and make Rental RRAP more attractive for the owners of rental properties serving lower-income households to make needed improvements. These changes and the main features of the new RRAP for Persons with Disabilities are described in more detail below.[99]

Homeowner RRAP

Eligibility for assistance continued to be restricted to substandard dwellings with deficiencies related to their structure, fire safety, and electrical, plumbing and heating systems. In addition, overcrowded dwellings became eligible for assistance in rural and remote areas only, thereby permitting RRAP to be used to create additional living space. Loans were still restricted to areas where provinces, municipalities or local authorities had adopted acceptable occupancy and building maintenance standards. As noted earlier, eligible homeowners living in substandard housing were to be in core housing need. Also, assistance was to be restricted to essential items described in RRAP Standards, with the cost of optional items to be assumed by homeowners.

Rental RRAP

In order to make this program more appealing to rental and rooming house landlords with substandard residential buildings, maximum loan forgiveness levels were raised from $3 500 per unit/$2 500 per bed, to $12 000 per unit/$6,000 per bed. The actual loan depended on total cost and post-rehabilitation rents. Although full targeting to core need households was not to be featured in the program

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[99] Canada, *A National Direction for Housing* (Ottawa: Statement of the Honorable Bill McKnight, Minister Responsible for Canada Mortgage and Housing Corporation, December 12, 1985), p. 19.

because of administrative difficulties associated with securing tenant income information, targeting was to be improved by limiting eligibility to rental projects where rents before rehabilitation were at or below average market rents. Other features of the previous Rental RRAP program continued to apply, e.g., the need for landlords to enter into 15 year operating agreements with CMHC to establish maximum acceptable rents. Finally, rooming house and hostel accommodation properties were to contain in excess of three-bed units rented to occupants not related to the owner.

RRAP for Persons with Disabilities

The new RRAP for Persons with Disabilities (RRAP PWD) was to be available to homeowners and landlords undertaking approved accessibility work. The maximum loan and forgiveness amounts available were $10 000 and $5 000 respectively, the same as under Homeowner RRAP. Maximum homeowner assistance was provided at an income of $23 000, declining to zero at an income of $33 000, levels which were both considerably higher than under the homeowner program, in recognition of the fact that many households with disabled members often require higher incomes to cover higher costs to maintain independent living. In further recognition of such circumstances, core need criteria also did not apply to RRAP PWD clients. Because many households applying for RRAP to make accessibility improvements also needed, in fact were required, to address major health and safety repairs, it was permissible to stack Homeowner or Rental RRAP assistance on RRAP PWD assistance. The applicant was required to meet the eligibility requirements for both programs. In other words, RRAP PWD clients would have to be in core need to also be eligible to get Homeowner RRAP to undertake major repair work. Finally, in order to prevent RRAP PWD from being used by the owners of projects in receipt of other government program funding, special care or nursing home projects were not eligible.

Appendix B, Figures B.1 to B.5 provides comparisons of RRAP eligibility criteria and benefits at critical points in the programs life cycle.

New Delivery Arrangements 1986

The National Directions policy statement also authorized the Minister responsible for CMHC to enter into new social housing agreements with provincial and territorial (P/T) governments setting out the terms for their participation in program delivery and administration. The new agreements, which could include RRAP, were intended to increase the resources available to address housing needs and reduce administrative duplication, improve efficiency of program delivery and reduce the cost of administering housing programs to the Canadian taxpayer. P/T delivery and administration required financial contributions of at least 25 percent, although the federal government would have preferred to see more P/T contributions. Federal-Provincial /Territorial Global and

Operating Agreements set out the general parameters of the new program arrangements, which required the creation of Joint Planning and Monitoring Committees, Tripartite Management Committees including representatives of provincial/territorial Aboriginal housing organizations to oversee RNH programs, joint three-year planning of social housing strategies and joint operational audits, conducted on a cyclical basis to ensure federal housing objectives and accountability requirements were met. Attached to each Operating Agreement were a series of Schedules describing the key eligibility criteria and policies of the specific programs a province or territory had chosen to deliver. The key policies covered in the Schedules included: program objectives and descriptions, eligibility criteria, eligible costs and assistance, project selection and delivery processes, commitments, advancing, project/portfolio administration, eligible program costs, budgeting and claims and information requirements. Where a province or territory chose not to participate, the federal government would undertake to deliver the program.[100] These schedules were supported by mutually approved program guidelines which provided more detailed policy directions, operating procedures and reference information.

Initially, two provinces, New Brunswick and Quebec, chose to become the Active Party for RRAP delivery provincially. Two others, Newfoundland and Manitoba, chose to be the Active Party in rural areas only. In all other provinces and territories, CMHC was the Active Party delivering the program using much the same agent based delivery networks it had developed during the pre 1986 period.

The negotiation of the new RRAP Schedules, which had to be mutually agreed on, offered provinces an opportunity to not only include some design features reflecting their own priorities, but also, to secure federal funds for provincial rehabilitation programs meeting the key criteria of the federal program. The Canada-Quebec Rehabilitation Assistance Program or Programme d'aide à la restauration Canada - Quebec (PARC-Q) for Homeowners, Rental and the Disabled fell into the first category. While generally mirroring the federal program, all three program components also featured different cost-sharing arrangements for Native and Non-Native clients. Repayable loans to homeowner clients undertaking repairs and accessibility improvements under Homeowner RRAP and RRAP for Persons with Disabilities were to be provided by approved private lenders (subject to rates being comparable to those offered by CMHC and not creating an affordability problem for clients). The federal program design only offered CMHC direct loans. The PARC-Q Rental Schedule specified maximum forgivable loan amounts according to the number of bedrooms in an apartment, within the federal maximum, and articulated the rights of existing tenants to have the option to reoccupy a unit after rehabilitation.

The New Brunswick Homeowner RRAP Schedule fell into the second category as it outlined the standard conditions for cost-sharing RRAP as well as the provincial Home Improvement Loan (HIL) program. Under HIL, assistance for eligible repairs still went

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[100] Canada, *A National Direction for Housing*, p. 7.

to households in core need living in houses in need of major repairs. The assistance, however, was in the form of a renewable loan with a maximum ammortization period of 15 years and a payment which yielded a total shelter to adjusted household income ratio of not more than 30 percent. Assistance was in the form of an interest rate write-down or additional subsidy. Funding for RRAP and HIL was cost-shared on a 75/25 federal/provincial basis, within the province's regular RRAP allocation.

Further Program Developments

As the new programs and delivery arrangements became operational in 1986 and subsequent years, attention could again be focused on program design and improvement considerations. The key developments in this regard are reviewed below.

RRAP Consultation 1987 - 1989

Subsequent to the 1986 changes to the social housing programs, substantial efforts were made to further improve RRAP. These included a major three stage public consultation that was conducted by CMHC between 1987 and 1989. The terms of reference for the consultation precluded any major new spending programs and required that proposals for assisted renovation respect current budget limits. Over 80 submissions were received from private citizens, housing interest groups, provincial housing agencies and federal government departments. The responses received indicated a high level of support for RRAP as a cost-effective program to address housing adequacy problems.

The consultation papers suggested cost-effectiveness, equity, and targeting efficiency as criteria for assessing alternative program designs. The designs supported by the majority of the participants achieved cost-effectiveness by ensuring that those with high repair costs received enough assistance to completely remove health and safety hazards. Those with higher incomes were expected to bear some portion of the repair costs themselves. Vertical equity was to be achieved by ensuring that the core need households who were least well-off received more assistance than those with higher incomes. Horizontal equity was to be achieved by relating assistance to real income, which was nominal income appropriately adjusted by the local cost of living, as reflected by housing costs. The consultation also encouraged a number of program modifications or enhancements. These included:

- Taking a homeowner's wealth into account in establishing eligibility, priority or benefits for RRAP.
- Addressing the mismatch between eligibility requirements for Homeowner RRAP and RRAP PWD.

- Introducing a new program initiative for elderly homeowners in core need to cover the cost of modest modifications in order to live independently.[101]

The conclusions from the consultation were circulated in 1989 to all who had participated, but action on the proposals for program changes languished. With substantial program budget reductions on the horizon, it was probably not considered timely to be advancing proposals to the Federal Cabinet for program changes, particularly if the very survival of the program was at risk.

Rental RRAP Developments (1988-1990)

In April 1988, following a review of alternatives for meeting the housing needs of the homeless, CMHC implemented changes that permitted the targeting of a portion of Rental RRAP to hostels and rooming houses in recognition of the poverty of many of their occupants. RRAP funding was intended to improve the standard of this stock while maintaining low to moderate rents and to help safeguard it against possible conversion to condominium or nonresidential use. Because of federal concern about the needs of the homeless, hostel and rooming house projects were to be treated on a priority basis with a national target of 16 percent of the Rental RRAP budget going to this activity.[102]

A reduction in the 1989 funding for Rental RRAP was announced in conjunction with the federal budget of April 1989 along with the cancellation of the program to come into effect on January 1, 1990. The primary reason given for the cancellation was that in comparison to other social housing programs, Rental RRAP was still seen as not being effectively targeted to low-income households in core need. Although Rental RRAP was to be canceled, landlords could still apply for RRAP PWD assistance to make accessibility improvements to rental units.

Seniors' Housing Adaptations 1992

A Montreal General Hospital Study funded by CMHC in the 1980s found that relatively low cost renovations to housing could significantly increase the capacity of older people, sometimes referred to as the "frail elderly" to live independently. This notion was picked up and included in the proposals arising from the 1987/89 renovation consultation. While the program design for RRAP PWD was deemed adequate for dealing with the needs of a broad client group, including the frail elderly, it was felt that the way the program was being perceived needed to be changed. Since many individuals, such as the frail elderly, did not readily self-identify as disabled, it was suggested that an alternative program be developed with a design and name reflecting the concept of "independent living", which was far

[101] CMHC. *Final Report of the Public Consultation on Residential Renovation in Canada* (Ottawa: CMHC, August 1989), pp. 5-10.

[102] CMHC. *Rental RRAP - Targeting to Rooming Houses and Hostels* (Ottawa: CMHC RRAP Advice # 88-034, April 18, 1988).

more acceptable to an aging population. As a consequence, in May 1992, a new $10 million two-year demonstration program called "Home Adaptations for Seniors' Independence" (HASI) was introduced as part of the federal government's National Strategy for the Integration of Persons with Disabilities. Under this program, assistance was to be given to seniors with incomes under Core Need Income Thresholds (CNITs) anywhere in Canada, including On-Reserve, to make adaptations to their own homes or rental units that would help them to continue to live independently. Assistance came in the form of a one-time grant of up to $2 500, with the exact amount dependent on materials and labour. Eligible items included: handrails in hallways, stairways and bathrooms; easy-to-reach work and storage areas in kitchens; lever handles on doors; walk-in showers or bathtub seats; and, relocation of appliances like clothes washers and dryers to the main floor of houses. HASI was available for delivery by provinces/territories under cost-sharing arrangements with CMHC. CMHC was to deliver the program On-Reserve. The delivery process for the program was also significantly simplified, relative to RRAP, thereby reducing program overhead costs.

Cancellation of RRAP (1993)

The April 1993 federal budget announced that all new long-term commitments for off-reserve social housing, including RRAP, would cease at the end of the year. This was seen by the government as an essential measure to help bring the federal deficit under control. Although opportunities for new commitments were curtailed, the government confirmed it's continuing commitment to respect existing long-term funding agreements, which represented expenditures of some $2 billion annually for the social housing stock already in place. This ongoing funding was applicable to social housing programs where original agreements with project sponsors required subsidies to be paid out annually over 35 or 50 years. The government also indicated that funding for assisted housing would remain at almost $2 billion annually, and that any savings accruing from economies and efficiencies in the management of the portfolio could be reallocated to support program improvements as well as new initiatives.

In the lead up to the fall election campaign in 1993, the opposition Federal Liberal Party issued a paper titled "Creating Opportunity: The Liberal Plan for Canada", which was known more popularly as the "Red Book". The Red Book indicated that the existing housing stock represented a major capital investment, which should not be allowed to deteriorate. Investment in renovation of existing housing, whether owner-occupied or rented, would enhance older, modest communities and fuel other forms of neighbourhood improvement. RRAP's ability to generate direct and indirect jobs was also emphasized. It was noted that the Canadian Home Builders Association (CHBA) estimated that for every $10 000 spent on renovation, 0.5 person/years of direct employment are created. In view of the above, the Red Book promised to make $50 million available annually for RRAP over two years.[103]

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[103] The Liberal Party, *Creating Opportunity: The Liberal Plan for Canada* (Ottawa, The Liberal Party, 1993).

RRAP Reinstatement 1994

Shortly after its election in October 1993, the new government, in accord with it's Red Book promise, announced that it would commit funding for RRAP.
The reinstatement commitment was confirmed in the February 1994 Speech from the Throne when the government agreed to commit $100 million to RRAP over two years. The 1994 Federal Budget indicated that the funding would be from savings generated in the $1.9 billion social housing budget from lower than expected interest rates and inflation. This funding was designated for Homeowner RRAP, RRAP PWD and the Emergency Repair Program (ERP). This meant that both RRAP and ERP both reemerged in 1994, after the cancellation of new commitments under social housing programs at the end in 1993.

The parameters of the reinstated programs, including ERP, remained unchanged in 1994 in order to speed implementation and contribute to job creation as quickly as possible. This, however, was a temporary measure until more substantive program improvements could be formulated. In the meantime, steps were taken to encourage greater provincial participation, respond to Aboriginal concerns and reintroduce Rental RRAP.

Provincial Participation

Following the Throne Speech, all provinces and territories were again invited to participate in the reinstated RRAP programs. As before, the conditions for federal/territorial participation included a minimum 25 percent cost-sharing. It was hoped that additional provinces and the territories would choose to participate if the programs could be seen as more suitable to local needs and offer enhanced flexibility. Such flexibility included the recognition of some provincial rehabilitation programs as eligible for support from RRAP allocations. This initiative was respectful of the efforts they made to develop their own programs to address housing rehabilitation and occupant affordability needs when RRAP was canceled in 1993. Cost-sharing was only available, however, if federal assistance was directed to households in core need, that core need households had equal access, that the assistance provided was proportional to and did not exceed what would have been available through RRAP, and that dwellings were brought up to a standard equivalent to RRAP. Appendix C describes the provincial and territorial programs eligible for such funding and reviews F/P/T cost-sharing arrangements over the period since 1985.

Aboriginal Involvement

In response to an invitation from the Federal Minister, the National Aboriginal Housing Association (NAHA) submitted a discussion paper identifying measures

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that it felt could be implemented to improve program delivery and efficiency. NAHA took the position that the portion of the RRAP budget allocated to Aboriginal housing should not be part of a federal/provincial agreement when a province or territory became the active party and that they should be able to deal directly with the federal government. CMHC, on the other hand, viewed the federal/provincial partnerships as an important government priority that offered an opportunity to increase the amount of funding available to serve households in need.

The tradeoff which emerged from the NAHA input on this matter was that conditions for RRAP cost-sharing would include continued support for the Aboriginal delivery network. This provided opportunities for Aboriginal organizations to continue to participate in the planning and monitoring of RRAP delivery through their involvement in tripartite program management committees where the province or territory was the active party. Aboriginal targets which had been a component of the 1986 social housing agreements applicable to the total package of RNH programs canceled in 1993, were established for Homeowner RRAP and ERP as an affirmative action measure to increase delivery to Aboriginal clients, although no additional budget allocations were made to support such an initiative.

CMHC's decision to encourage provinces and territories to support the Aboriginal delivery network recognized both CMHC's past efforts to build a native delivery capacity and the continued need to involve Aboriginal organizations in program delivery, particularly in light of Aboriginal aspirations for greater control over their own housing. For non-native delivery, provinces and territories could decide on the most appropriate mechanisms for delivery.

Rental RRAP Reinstated and New Rooming House RRAP Program

In September 1994, the government made a commitment to provide $16 million in 1994/95, from within the federal social housing budget envelope, for new Rental and Rooming House RRAP programs. This action responded to concerns expressed by the Big City Mayor's Caucus of the Federation of Canadian Municipalities, the Canadian Housing and Renewal Association and many provinces. They were concerned about the termination of Rental RRAP and the fact that since 1989 there had not been a federal program tool to address the needs of the estimated 121 000 low-income renters living in substandard housing on a national basis.

There were also calls for a rooming house component to RRAP to help address the needs of the homeless. Adequate rooming houses were seen as an important solution as they represented the least-cost housing option for people at the lowest end of the income scale. This stock was generally located in prime urban locations and was often targeted for demolition or conversion to higher-priced housing forms or for commercial use. In Ontario alone, it was estimated that the stock of rooming houses had declined by over 80 per cent between 1978 and 1988.

While higher priority for RRAP was being given to the needs of the homeless in urban areas as a consequence of the programs new Rooming House component, concerns were also being expressed by some provinces and territories that critical housing needs in rural and remote communities were being overlooked.

In October 1994, following discussions at a Housing Ministers Conference, at which urban, rural and remote housing needs were reviewed, the federal government announced a new strategically targeted housing initiative to aid households in northern remote communities. This Remote Housing Program was a quid pro quo for the reintroduction of Rental and Rooming House RRAP, and was a compromise amongst F/P/T Ministers. The Remote Housing Program, which operated in 1994 and 1996, addressed emergency housing needs in remote areas that were beyond the capacity of renovation programs and required a new construction response. The program design offered a self-built homeownership approach with materials, services, supervision and even land where necessary.

On-Reserve RRAP

Early in its mandate, the new Government of Canada confirmed it would continue to fund the On-Reserve program, including On-Reserve RRAP, as part of its overall commitment to provide housing assistance to Aboriginal people living On-Reserve. In 1994 and 1995 this program continued to be based on the parameters of the RRAP Homeowner program with the same loan limits, loan terms and forgiveness scales.

Major Program Improvements 1995

In early 1995, following on the consultations in the late 1980s and more recent program improvement suggestions, the government announced a number of significant improvements to RRAP. The five RRAP components, Homeowner, Rental, Rooming House, Disabled and On-Reserve, remained but eligibility criteria and benefits were substantially modified. The seven main changes were: i) extending RRAP eligibility to crowded dwellings in urban areas; ii) establishing house value thresholds for homeowner eligibility; iii) increasing loan and forgiveness limits substantially; iv) determining assistance for homeowner clients on the basis of a more equitable scale; v) limiting Rental RRAP assistance to units occupied by households in core need; vi) targeting of RRAP for Persons with Disabilities to households in core need; and vii) establishing new Aboriginal delivery targets for Homeowner RRAP, based on 14 percent of the total program budget as opposed to a percentage of the rural component only (the ERP target remained at 80 percent).

Crowding

Eligibility for Homeowner RRAP in urban areas was extended to permit households living in crowded dwellings and meeting other program eligibility criteria to build additional living space. Crowded dwellings in rural areas had always been eligible for RRAP because adding space was much more cost-effective than building a new unit to deal with the crowding problem. There were two reasons for extending the policy to urban areas. First, there was a recognized need, as over 400,000 households lived in crowded dwellings in 1996. Second, with the cancellation of programs supporting the production of new social housing projects in 1993, it could no longer be argued that crowded households in urban areas could best be assisted through new social housing accommodation.

House Value Thresholds

House Value Thresholds (HVTs) were introduced as an eligibility criteria for Homeowner RRAP to exclude owners of more expensive housing who could presumably resolve their housing problems by selling their homes or taking the equity out of their homes to make repairs. HVTs were to be determined by CMHC to reflect the average price of modest housing in a market area. There were two reasons for this policy. First, the 1986 RRAP evaluation reported that RRAP homeowner recipients had substantial amounts of accumulated equity in their homes and could have financed the cost of repairs by borrowing against this equity without creating an affordability problem. Second, alternative ways of taking equity into account in establishing eligibility for RRAP would have been seen to be much more intrusive, subjective and administratively complex.

Loan and Forgiveness Limits

Loan and forgiveness limits were substantially increased under all RRAP components in order to improve the program's cost-effectiveness by ensuring that those with high repair costs should receive sufficient assistance to completely remove health and safety hazards. There were several reasons for the improvements. First, there was strong evidence from the 1986 RRAP evaluation, supported by the participants in the 1987/89 renovation consultation, that insufficient assistance was being provided, which was resulting in only partial repairs being completed and fewer low-income households being able to benefit from the program. Second, there were concerns that assistance levels were too low for RRAP to be attractive to homeowners in remote and non-market areas, who faced high costs and were unable to take out debt because their homes had little or no market value.

CMHC conducted a survey of renovation costs in 1994 which confirmed that RRAP loan and assistance limits for home repairs and modifications were too low. The

results of the survey became the basis for the new loan and forgiveness maximums for Homeowner, Rental and On-Reserve RRAP and RRAP for Persons with Disabilities that are reviewed in detail in Chapter 5 in the review of RRAP benefits. It is important to note here that loan and forgiveness limits were substantially increased in each RRAP Zone[104] and further additional supplements, of up to 25 percent of the maximum loan and forgiveness levels, were to be available for remote and isolated settlements. This was to ensure that all isolated areas subject to abnormally high transportation costs and problems with lack of skilled trades were eligible for higher assistance, regardless of whether located in a southern or northern areas.

New Scale for Determining Forgiveness

The method of calculating maximum forgiveness under Homeowner and On-Reserve RRAP and RRAP for Persons with Disabilities was changed to be more equitable to program clients and to improve targeting. The prime reason for this change was that under the previous program, the level of RRAP forgiveness was based on a national scale that did not take into account the household's size or whether they lived in high or low housing cost areas. For example, maximum Homeowner RRAP forgiveness was available to a household with an adjusted income of $13 000, reducing to zero at a $23 000 income nationally. As a consequence, a single person received the same benefit at a given income as a large family and those with the same incomes qualified for the same level of assistance in high and low cost areas. The new design addressed these inequities by linking the actual amount of forgiveness assistance provided to household income as a percent of Core Need Income Thresholds (CNITs)[105]. The CNIT is a proxy for the cost of housing appropriate for different sized households (e.g., one, two and three bedroom units) in the applicable area. In order to ensure that the program most benefited those in greatest need, maximum forgiveness was to be available to households with incomes at or less than 60 percent of CNIT, which approximated the base household incomes available from social assistance and minimum wages. Forgiveness declined to zero when the households adjusted income reached CNIT. As before, only mandatory repairs that related to the continued health and safety of the dwelling or to extend its useful life were eligible to receive forgivable assistance. Non-mandatory but eligible repairs had to be covered by the repayable loan.

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[104] In Zone 1, included the Atlantic provinces and the southern half of the other six provinces. Zone 2 included the northern half of the provinces, and Zone 3 was the two northern territories, northern Quebec and Labrador.

[105] Core Need Income Thresholds (CNITs), introduced in 1986, represent the level of income required by households to solve their own housing problems. More specifically, CNITs represent the incomes required to afford the average rents for adequate dwellings of various sizes (one, two, three bedroom units) in the local private housing market without paying more than 30 percent of the household's income.

A more detailed description of the way Homeowner RRAP assistance was calculated before and after the 1995 change is also provided in Chapter 5.

Rental RRAP Targeting Improved

The changes to Rental RRAP were intended to improve targeting to households in core need. This was done in response to concerns about the potential leakage of program benefits to landlords and higher income tenants whose incomes were not taken into account in determining program eligibility or benefits. Between 1974 and 1985, eligible rental buildings only had to be located in designated RRAP areas, and between 1986 and 1994, buildings only had to rent below average market rates. While landlords were required to enter into operating agreements with CMHC to control post RRAP rents, there was no requirement for them to rent units to lower-income tenants. With the 1995 program changes, federal assistance to repair low-cost rental housing was to be limited to units occupied by low-income households with incomes below CNITs. Further, landlords were required to enter into agreements with CMHC that ensured that rents remained affordable and that units receiving assistance continued to be occupied by low-income households. These requirement did not apply under Rooming House RRAP, which assisted a form of housing offering one of the few alternatives to homelessness, where most tenants had very low incomes.

RRAP for Persons with Disabilities

The 1995 changes to RRAP for Persons with Disabilities (RRAP PWD) were made to improve the program's targeting to core need households. There were a number of problems in this regard with the pre 1995 program design and benefits. First, it was not targeted to households in core need. Second, the benefit levels were insufficient to address needed accessibility improvements, a problem addressed with the increased forgiveness levels approved in 1995. Third, clients were sometimes unable to take advantage of both the Homeowner and Disabled components when both accessibility improvements and major repairs were required. In this regard, the single national income limit for pre 1995 RRAP PWD assistance ($33 000) meant that in some high cost markets some clients had incomes below CNIT but above the RRAP PWD income limit and thus did not qualify for RRAP PWD. In some low cost areas, RRAP PWD applicants had incomes within the program's $33 000 limit but above CNIT. As a consequence, they did not qualify for Homeowner RRAP, which was required to deal with health and safety problems, and a prerequisite to getting RRAP PWD.

Under 1995 RRAP PWD, households with a disabled member would qualify for help under the same eligibility requirements, income limits and forgiveness scale as Homeowner RRAP, thus qualifying for up to the combined maximum benefits under both programs, while their repayment obligations were kept at the affordable levels

of a single program. This meant that only homeowners with incomes below CNITs and house values below HVTs were eligible for RRAP PWD. Similarly, only landlords intending to rent to households with incomes below the CNITs both before and after repairs and improvements were eligible for RRAP PWD. The owners of rooming houses were also eligible for RRAP PWD and, as with Rooming House RRAP, it was assumed that tenant incomes would be below CNIT.

Native Targets

New Native targets for Homeowner RRAP and ERP were established to formally encourage the commitment of more units to Aboriginal clients. This action was taken in response to earlier commitments made to Aboriginal leaders and in recognition of the severe circumstances of many Native households living in substandard housing in Off-Reserve areas.

Although Native households had always been over-represented as clients of Homeowner RRAP in rural areas, their lower incomes and high house repair costs contributed to relatively poor program take-up. While it was expected that Native groups would welcome the improved benefits under the program changes, concerns were expressed about reduced program activity levels, given the higher benefits within limited allocations. In response, new Aboriginal delivery targets were to take into account the incidence and share of Native need, and be based on the total Homeowner RRAP program budget rather than just the rural component, as stipulated under the previous 1986 agreements. For 1995, the Native target was set at 14 percent of the national allocation for Homeowner RRAP and 80 percent for ERP.

Stacking RRAP and DIAND Assistance On-Reserve

The need for housing rehabilitation on many First Nation Reserves, has been a cause of concern as reflected in the Final Report of the Royal Commission on Aboriginal People released in 1996.[106] Approximately 40,000 of the 76,000 housing units on First Nation lands in 1995 were reported to either be in need of repair or beyond repair. While average repair costs are around $20,000 for these dwellings, costs in some cases could be as high as $35,000. Because of their low incomes, clients typically took only the forgivable portion of the RRAP loan. Under On-Reserve RRAP, loans of up to $27,000 were available to rehabilitate homes of which a portion ranging from $12,000 to $18,000 depending upon geographic zone could be forgiven, depending on income. Assistance was 25% higher for remote or isolated areas. This assistance could be combined with a grant from the federal Department of Indian Affairs and Northern Development (DIAND) averaging $6,000 per unit, to enable effective renovation to be carried out. The use of the DIAND and CMHC programs in combination enabled many

[106] Chapter 4 contains a review of the housing conditions and needs of Canada's Aboriginal People as reported by the Royal Commission.

more low-income households to be helped, and provided better reassurance that all needed repairs would be completed and not have to be redone a year later because of skimping in materials or methods. RRAP's delivery arrangements and resource materials were also helpful in ensuring that the work was properly costed, managed and completed.[107]

Social Housing Transfer 1996

The March 1996 Federal Budget announced the Government of Canada's willingness to offer to transfer the remaining administration of its social housing program resources to the provinces and territories, subject to their acceptance of federal social housing principles and accountability requirements. Long-term federal financial commitments to assisted public, non-profit, co-operative and privately owned projects, and Rural and Native households living in their own homes, are maintained after the transfer (about $1.9 billion per year nationally). The new approach was seen as having numerous benefits. Chief amongst these was the view that having only one level of government involved in the management and administration of these programs would provide one-window service to clients and make more effective use of taxpayers' dollars. In addition, savings realized from improved and streamlined delivery by the provinces and territories could be reinvested in the existing portfolio or used under existing or new programs to provide new housing solutions for households in need.

While CMHC has reduced its role in direct social housing administration and new social housing funding, the Government of Canada has continued to provide funding for new renovation program activity.

Funding Extensions and Program Enhancements (1996-2000)

The RRAP "family" of renovation programs was expanded to include "Home Adaptations for Seniors' Independence (HASI), the Shelter Enhancement Program (SEP) and RRAP for Conversions (RRAP C) since 1995. Most of the funding for these RRAP family initiatives came from savings achieved in the management of social housing programs. In 1999, however, the programs received a special four year allocation of $311 million out of the $753 million federal homeless initiative.

During this period, the economy improved and the main stated rationale for RRAP renovation programs shifted back to housing low-income people and neighbourhood/community improvement from job creation.

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[107] From an internal CMHC publication titled *How CMHC and DIAND Programs Interrelate On-Reserve*, July 11, 1996.

Housing Adaptations for Seniors' Independence (HASI)

In April 1996, the government announced the reintroduction of Home Adaptations for Seniors' Independence (HASI), the popular and successful 1992-94 demonstration program under the National Strategy for the Integration of Persons with Disabilities. An aging population provides an ongoing justification for a program which allows low-income seniors to continue to live independently in their own homes.[108] Homeowners or landlords could apply for HASI, however, to be eligible the occupant(s) of the unit intended for modification had to be 65 or over and have: i) an income under the core need income threshold (CNIT) for the area; and ii) difficulty in daily living within the home that could be helped through eligible adaptations.

Assistance was in the form of forgivable loans to a cumulative lifetime limit of $2 500 to cover the materials and labour necessary for the required adaptations. HASI recipients could also apply for RRAP for assistance with major repairs and for RRAP for Disabled Persons, subject to the combined total forgivable loan not exceeding the maximum forgivable RRAP loan for the applicable zone. HASI was available universally, including On-Reserve.

Shelter Enhancement Program (SEP)

Since 1988, CMHC had worked with other federal departments on the federal government's initiatives to address family violence. Through CMHC's Project Haven and the Next Step programs, some 750 emergency shelter and second stage housing units for victims of family violence had been provided. Building on this experience, a new initiative called the Shelter Enhancement Program (SEP) was also introduced in April 1996. SEP offered assistance for three types of initiatives. First and most significant, it provided capital funding to renovate or upgrade existing shelters to meet basic health, safety and security requirements, and to address the needs of older clients and persons with disabilities. Like RRAP and HASI, assistance was in the form of a forgivable loan. Like RRAP, the maximum loan varied according to the three rehabilitation zones (southern areas - $18 000, northern areas - $21 000, and far northern areas - $27 000). Second, it provided forgivable loans for the development of a limited number of additional emergency shelter spaces. Third, it provided similar assistance for the development of additional second stage housing offering needed longer-term secure accommodation for residents leaving the emergency facilities. For the latter two elements, CMHC could contribute up to 100 percent of a project's capital cost. Under the 1999 federal homelessness initiative, SEP funding was extended to cover accommodation serving "youth at risk".

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[108] CMHC, *Study of Home Adaptations Carried Out under the RRAP D and HASI Programs* (Ottawa: Social Data Research Limited, October 1994), p. x.

The initial budget for SEP was modest at $1.9 million per year. It was initially temporary but was subsequently made permanent. The 1999 homelessness initiative increased funding for SEP by $43 million over four years.

RRAP for Conversions (RRAP- C)

In December 1999, as part of its $753 million homelessness initiative, the Government of Canada introduced a new component of RRAP to convert non-residential buildings to residential use. The goal was to foster innovative uses of existing buildings to better address the needs of low-income people, particularly the homeless. Under this initiative, assistance in the form of forgivable loans, could be provided to the owners of such buildings to convert their structures to permanent accommodation, with rents that would be affordable to low-income people. Assistance could cover up to 100 percent of mandatory costs within established loan maximums (southern areas - $18 000, northern areas - $21 000, and far northern areas - $27 000).

Funding Extensions and Special Allocations

Over the period 1996 to the end of the decade, there were successive announcements by the federal government of extensions and new allocations to support the various components of RRAP and its derivative programs ERP, HASI and SEP. Generally, these funds came from savings achieved by CMHC in the management of social housing programs that had not yet been transferred, generally due to lower than forecast interest and inflation rates. These savings were reinvested by the Government of Canada to maintain federal housing program expenditures near $1.9 billion per year. Provinces, on the other hand, took nearly $500 million per year out of housing during this period between 1993 and 2000 by canceling programs and not reinvesting savings from lower mortgage rates and inflation.

Announcements of federal funding extensions for renovation programs during this time generally noted the number of jobs expected to be created. These ranged from 1 300 to 3 600 annually, depending on the size of the allocation.

On December 17, 1999, the Minister of Labour and Federal Co-ordinator on Homelessness, and the Minister responsible for CMHC unveiled the $753 million initiative referred to earlier to help alleviate and prevent homelessness in Canada. The cornerstone of the new strategy was the "Supporting Communities Partnership Initiative" (SCPI) which with an investment of $305 million over the following three years would provide flexible funding for local strategies that other partners would be encouraged to join in supporting through their own investments and contributions. As part of the overall initiative, the Minister responsible for CMHC indicated that a

$311 million increase in funding over four years would be provided to support further renovation and repair of housing occupied by low-income people.
Figure 3 is a table showing the various funding extensions .

Figure 5
Post 1993 Federal Renovation Program Allocations

Program	94 $ m	95 $ m	96/97 $ m	97/98 $ m	98/99 $ m	99/00 $ m	00/01 $ m	01/02 $ m	02/03 $ m
Announcement 1									
Period	2		1 Year	1 Year	5				
From	Years		Apr 96	Apr 97	Years				
To	95		Mar	Mar	Apr 98				
Allocation 1	Mar	50	97	98	Mar	50 [d]	50 [d]	50 [d]	50 [d]
	96		50 [b]	50 [c]	03				
Announcement 2	50 [a]				50 [d]				
Period						4			
From						Years			
To					1 Year	Apr 99			
Allocation 2					Apr 98	Mar	50 [f]	50 [f]	50 [f]
					Mar	03			
					99	50 [f]			
					50 [e]				

Reference Notes

a. In the February 1994 Speech from the Throne, the government agreed to commit $100 million over an interim two-year period to further address the renovation needs of low-income Canadians.

b. In December 1995, the government announced that the program would be extended until the end of March 1997 as part of the continued federal initiative to create jobs and promote economic growth. The program, with an allocation of a further $50 million from social housing program savings, was expected to create 1 300 jobs across the country and generate much needed income for the housing renovation industry. The funding again covered ERP, which provided assistance to low income homeowners living in rural areas.

c. In early February 1997, $50 million was announced to support RRAP, ERP and SEP in fiscal year 1997/98. This came after appeals from provinces and others who noted that notwithstanding the need for fiscal responsibility at all levels, RRAP not only helped ensure households had safe, adequate housing but was also an important contributor to economic activity in smaller communities through the use of local labour and supplies. There were also concerns that budget reductions or delays in approving the continuation of funding would endanger parts of the delivery network and make restarting the program more difficult later on.

d. In January 1998, the government announced that $250 million would be available to support renovation programs over the next five years. The programs included were RRAP, ERP and HASI. The additional support for these programs was expected to benefit as many as 40 000 households and create 1 800 new jobs per year across Canada over the five years until April 2003. In the announcement, the Federal Minister again indicated that these funds arose from savings within social housing resources managed by CMHC, which the government had reinvested in housing.

e. A further announcement came in December 1998 that the government would provide an additional $50 million during fiscal year 1998/99 for housing renovation programs targeted to low-income Canadians and the homeless or those at risk of becoming homeless.

f. The additional funding of $311 million announced by the Minister on December 17, 1999 more than doubled the budget for renovation programs and provided assurance that the program would continue until April 2003.

By the late 1990s, as the Canadian economy improved, the rationales supporting the federal renovation initiatives related to the job creation began to receive less attention, although they undoubtedly remained important in many slower growth areas of the country. The December 1999 announcement of the major expansion of renovation programs targeted to the homeless did not mention job creation as a significant benefit. It did describe what could be seen as a new rationale and vision for the renovation programs, which suggested a return to the program's early neighbourhood roots, when it noted that: "improving housing quality in low-income neighborhoods and communities was an opportunity to restore the dignity of many Canadians and to build stronger, healthier, safer communities".[109]

Provincial and Territorial Participation

After each major RRAP funding and policy announcement between 1994 and 1999, the provinces and territories were again invited to become the active parties in its delivery and administration or cost-share the additional funding. This invitation was extended to include RRAP's derivative programs as they were introduced, e.g., Emergency Repair (ERP), Home Adaptations for Seniors' Independence (HASI) and the Shelter Enhancement Program (SEP). A minimum 25 percent contribution toward program costs, in addition to the federal allocation, continued to be a prerequisite for provincial/territorial delivery for any one of these programs. In total 8 jurisdictions cost-shared and delivered most of the renovation program components, and increased their contributions when federal funding was increased or extended.

Provincial/Territorial participation leveraged additional resources to extend RRAP's capacity to improve the housing conditions of low-income households living in inadequate dwellings. Active provinces and territorial also contributed to RRAP policy development and delivery.

During this period, CMHC also let RRAP be used by for existing provincial and territorial renovation programs with objectives similar to RRAP.

The table in Figure 6 shows the provinces and territories that had become active parties in the delivery of specific renovation programs by fiscal year 1998/1999.

[109] CMHC, *Gagliano Announces $311 Million Expansion of Housing Renovation Programs* (Ottawa: CMHC News Release, December 17, 1999).

Figure 6
Provincial/Territorial Active Parties for Renovation Programs
1998/1999

Province/ Territory	Homeowner RRAP	Rental RRAP	Rental/ Rooming House RRAP	ERP	HASI	SEP
Newfoundland	✓	✓ a		✓		
PEI	✓	✓		✓		
Nova Scotia		✓	✓	✓	✓	✓
New Brunswick	✓	✓ a	✓	✓	✓	
Quebec	✓	✓ a	✓	✓	✓	✓
Saskatchewan	✓	✓	✓	✓	✓	
NWT				✓		

Source - CMHC Renovation Programs, Fiscal Year Activity Reports
a. - In these jurisdictions, federal renovation assistance was provided to support provincial renovation program initiatives, which are described in Appendix C.

NHA Amendments

In the summer of 1999, Bill C-66 to amend the National Housing and CMHC Acts was given Royal Assent. The amendments supported the Government of Canada's efforts to make government more efficient and provide better service to Canadians. They simplified the NHA by removing unnecessary restrictions and they enabled CMHC to respond quickly to the needs of Canadians and to opportunities in the market. The portion of the Act dealing with residential rehabilitation was substantially simplified.[110]

RRAP Outputs - Post 1985 Program

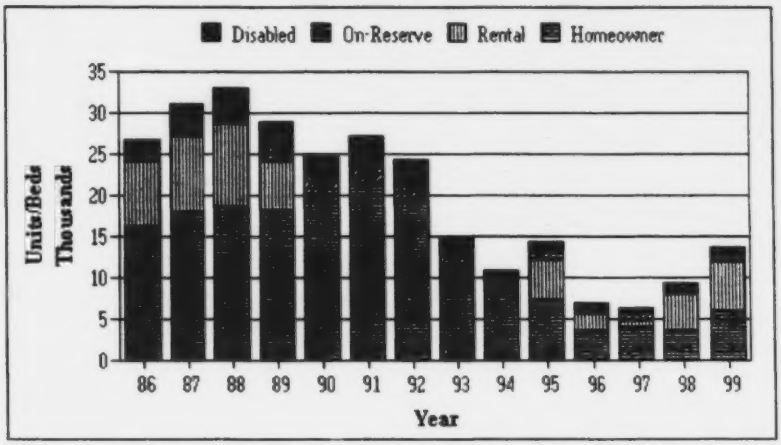
The overall accomplishments of RRAP during the 14 year period from 1986 to 1999 were again substantial. Federal loans totaling more than $1.4 billion were committed, which supported the repair and improvement of 261 000 self-contained homeowner and rental units and 13 400 rooming house and hostel beds to bring these dwellings to minimum levels of health, safety and accessibility. To directly assist households in

[110] Sections 51 and 55 of the Act were replaced with the following:
51.(1) The Corporation may make loans and contributions for the purpose of the repair, rehabilitation, improvement and conversion of housing projects, and may forgive amounts owing on these loans.
51.(2) The Corporation may determine the terms and conditions on which it makes a loan or contribution or forgives an amount under subsection (1), including, without limiting the generality of the forgoing,
(a) conditions with respect to the operation or occupancy of a housing project;
(b) restrictions on the disposal, leasing or charging of the project or any part of it or any interest in it;
(c) limits on the amount of the financial return that may be made from the project, and
(d) provisions giving the Corporation the right to direct the use of any amount received in excess of any limits referred to in paragraph (c).

need, commitments were also given to owners and landlords to forgive approximately $1.3 billion of the total amount lent. This federal assistance over the period averaged $4 748 per unit/bed committed. A breakdown of this amount shows that the average forgiveness per unit was $4 514 per unit/bed over the period 1986 to 1994 and then jumped by 28 percent to $5 774 per unit/bed, over the period 1995 to 1999, after higher forgiveness levels were introduced in 1995. [111]

The chart in Figure 7 shows the total number of units and beds committed each year under the four post 1985 RRAP components where data were available (Homeowner, Rental/Rooming House, On-Reserve and Disabled).

Figure 7
Post 1985 Unit/Bed Commitments by RRAP Component
1986 - 1999



Source - Canadian Housing Statistics

Figure 7 shows the decline in federal RRAP commitments during the post 1985 program period, from their high of more than 33 200 units/beds in 1988 to their low of 5 290 unit/beds in 1997. The rebound after 1997, driven by increased federal funding, is also evident.

Homeowner RRAP commitments far outpaced Rental RRAP commitments overall, which is understandable given that the rental component was not available from 1990 until 1994. It is interesting to note, however, that in the two most recent years rental commitments kept pace and in 1998 even exceeded homeowner commitments for the first time. In part, this illustrates the shift to an emphasis on homelessness.

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[111] CMHC, *Canadian Housing Statistics, 1986-1998.*

In the year 2000, an additional 26,350 units were repaired modified or created. The following is the breakdown by program line:

CMHC Renovation Program Activity
2000

Program	Units/Beds
RRAP	
Homeowner	9,400
Homeowner with Disability	1,350
Rental and Rooming House	5,200
Conversion	500
On-Reserve	1,700
Emergency Repair Program	3,500
Home Adaptations for Seniors Independence	2.600
Shelter Enhancement Program	2,100
Total	**26,350**

Summary

This chapter reviews the second era of RRAP, from the introduction of new program directions in 1986 to the year 2000. The post-1985 era can now be seen as having three distinct periods. From 1986 to 1993, there was emphasis on targetting Homeowner and Rental RRAP and the new RRAP PWD component universally to core need households living in inadequate accommodation, as one part of the social housing program portfolio. For the first time, provinces and territories were invited to cost-share and deliver some or all program components.

During this period, there was a gradual reduction in program budgets. New RRAP funding would have been eliminated at the beginning of 1994 if the new government in 1994 had it followed the direction in the 1993 Federal Budget.
Beginning in 1994, RRAP was reintroduced as a job creation initiative for two years. As the economy improved, RRAP was extended several times, and additional funds were found for RRAP and for the reintroduction of SEP and HASI.

By 1998, RRAP had secured five-year funding and RRAP was increasing viewed as community redevelopment program, particularly as a tool to address urban homelessness. Indeed, in December 1999 annual funding for RRAP was doubled and Conversion RRAP was introduced as part of a national initiative on homelessness. programs were provided with funding.

In many ways this community and neighbourhood orientation brought RRAP back closer to its 1973 roots.

Part II

Key Elements and Accomplishments

Chapter 4

Housing Renovation Need

Changing Canadian housing conditions and needs have provided a continuing justification for RRAP and other federal renovation and rehabilitation programs. This chapter describes how housing needs have been measured and how they have changed in Canada both before and since the introduction of RRAP.

The three principal indicators that have been used in Canada either separately or in combination to support the need for housing rehabilitation and the allocation of program resources over the years will be discussed in some detail. These addressed:

- the condition of the housing stock as measured by the number of physically deficient dwellings lacking basic services and facilities or falling below minimum housing standards;
- the crowding of the stock as measured by the number of overcrowded dwellings; and
- the affordability of the stock as measured by the number of households unable to bring their houses up to minimum standards housing without paying more than a reasonable portion of their income.

Housing Conditions

Historically, the most widely used measures of housing need have been the ones focusing on the physical condition of dwellings. In particular, these addressed questions related to the number of dwellings lacking basic facilities and services, or falling below minimum physical standards. Some of the data required to determine physical needs have been collected in Census and other housing surveys.

One of the first factors measured to assess the condition of the housing stock in Canada pertained to whether or not dwellings contained basic services such as water, bath and toilet facilities. In 1941, only about 60 percent of dwellings had piped running water and a quarter, primarily in rural areas, relied on outside sources such as hand pumps or drawing water from a stream or lake. In the postwar years this situation changed rapidly. The new dwellings added to the stock as the population grew were generally equipped with piped water. In urban areas and small communities, housing was connected to municipal water lines. In rural areas, with postwar electrification, many were converted from hand to electric pumps. By 1971, 96 percent of all dwellings

had piped water.[1] The trend towards inside flush toilets matched that of piped running water. The introduction of hot water systems came after, but not too long after, piped running water and this permitted the introduction of baths and showers. These developments also led to a large increase in the number and proportion of dwellings that were connected to sewer systems. By 1971, 94 percent of all dwellings had private inside flush toilets, 93 percent had hot as well as cold water and 91 percent had private baths or showers. By 1982, the percentage of dwellings with basic plumbing facilities had increased to over 98 per cent.[2] As a consequence of the increasing proportion of homes with basic services, the question was eventually dropped from the Census. However, it continued in other surveys, such as the Aboriginal Peoples' Survey, recognizing that basic services and facilities remain an issue in northern and isolated parts of Canada, particularly for Aboriginal people.[3]

Common measures of housing conditions in Canada have been based on the age of housing and need for repairs. Since 1941, the Canadian Census has reported the number of occupied private dwellings by period of construction and condition. In the Census and other national surveys, the condition of the housing stock has generally been assessed according to three categories: those units in need of regular maintenance only, those needing minor repairs, and those requiring major repairs. Housing in need of major repairs is generally considered to represent the substandard stock.

The charts on the next two pages show historic trends in the size and proportion of Canada's housing stock in need of major repairs by Census year. Figure 8 shows the total number of private occupied dwellings and the portion of these needing and not needing major repairs, as reported in each of the decennial Census since 1941, and for the most recent Census for which data has been published (1996). Figure 9 illustrates the number of dwellings in need of major repair reported in the same Censuses. Note that the question on need for repairs was not part of the 1971 Census of Canada.

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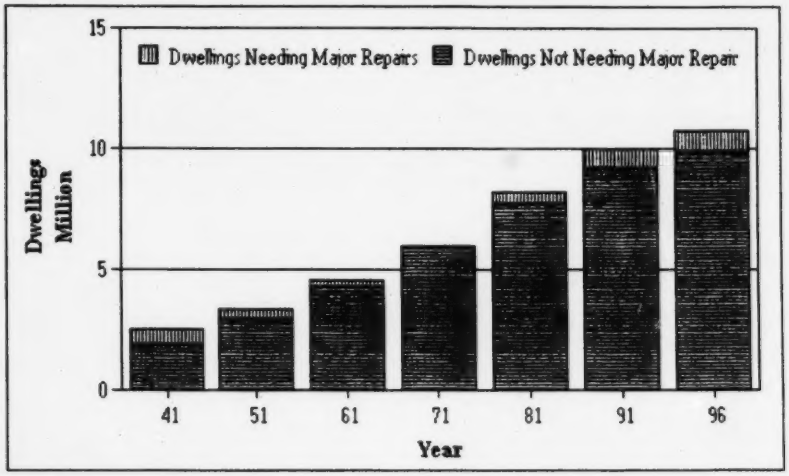
[1] Miron, John R, *Housing in Postwar Canada* (Kingston & Montreal: McGill-Queens University Press, 1988), p. 186.

[2] Miron, *Housing in Postwar Canada*, p. 187.

[3] Aboriginal housing needs are described in Chapter 4.

Figure 8
Occupied Dwellings and Portion Needing Major Repairs
1941 - 1996

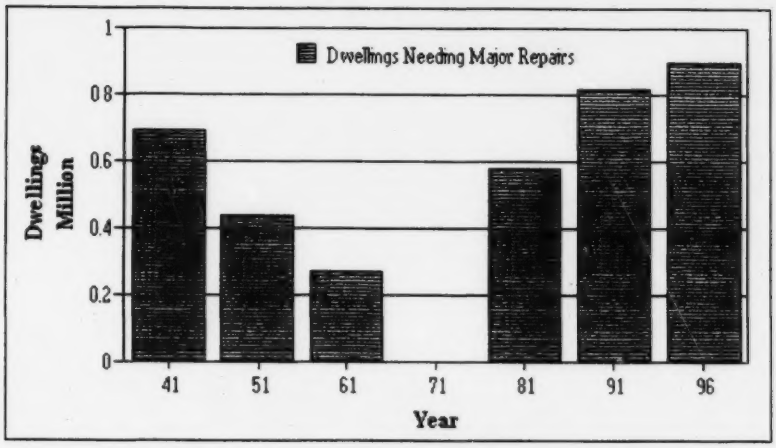


Source - Census of Canada
Note - Definitions change for 81 Census (see text).
- Housing conditions not in 1971 Census.

As illustrated in Figure 8, the total number of occupied dwellings in Canada was 2.6 million in 1941. Over the subsequent 55 year period to 1996 the stock steadily grew to 10.8 million dwellings or by 320 percent. On average, this represented an annual increase of some 150 000 dwellings per year. The number of occupied dwellings considered to be in need of major repair during each Census are shown at the top of each bar, except, as noted, for 1971 when housing conditions were not measured. In 1941, the portion of the stock needing major repairs represented 27 percent of the total stock. By 1961, this had declined to 6 percent. This substantial drop in the proportion of the housing stock needing major repairs was at least partially driven by the large increase in the number of new dwellings (a 77 percent increase in the stock from 1941). Even if the absolute number of substandard units had remained the same, the proportion in need of major repairs would have substantially declined.

Figure 9 provides a better illustration of the absolute difference in the number of dwelling units in need of major repairs according to the Census.

Figure 9
Dwellings Needing Major Repairs
1941 - 1996



Source - Census of Canada
Note - Definitions change for 81 Census (see text).
- Housing conditions not in 1971 Census.

After a decade of depression and war, Canada's housing stock was clearly in a severe state of disrepair by 1941, with an estimated 700 000 or 27 percent of all occupied dwellings needing major repairs. Over the next 20 years to 1961, this dropped by over one half to 273 000 units or just six percent of all dwellings, a remarkable improvement, which might suggest that the problem of substandard housing was being resolved without government involvement and might disappear over time. Others may suggest that the reduction was likely due to a combination of factors, including: i) demolitions and abandonment of houses needing major repairs through urban renewal and rural out-migration; and ii) improvements fostered by the increased availability of materials, supplies and resources reflective of the postwar prosperity.

The apparent downward trend, however, did not continue. Over the 15 years from 1981 to 1996 the estimated number of dwellings in need of major repair increased with each Census and by 1996, comprised some 900 000 units representing 8.3 percent of the stock. While interesting, the forgoing observations should be considered with some caution for the reasons explained below.

Challenges in Measuring the Need for Major Repairs

While providing an interesting comparison of the number and proportion of Canadian dwellings considered to be in need of major repair over the postwar period, these Census-based estimates, particularly prior to the 1980s, should be considered with some caution, for two reasons.

First, while the Census estimate of the number of dwellings in need of major repair has been based on a 20 percent sample, the questions and people making the observations have varied over the years. This makes comparisons of the Census-to Census findings difficult. In 1941 and 1951, for example, the Censuses defined a dwelling as being in need of major repair if the enumerator noted primarily external defects such as sagging or rotting foundations, as indicated by cracked or rotting walls; faulty roofs or chimneys; unsafe outside steps or stairways; or interiors badly in need of repair as indicated by large chunks of plaster missing from walls or ceilings.

In 1961, the emphasis on outside stairs and stairways was dropped and the enumerators were required to look for rotting doorsills and window frames. The changing questions and responses based on observations by amateurs, who may never have had a chance to even enter many dwellings, could have been a factor in lowering the estimated need for major repairs. In fact, sufficient doubt was cast on the accuracy and usefulness of the data that the 1971 Census did not have figures on dwellings in need of major repairs.[4] In the 1981 Census the overall approach was changed and the occupants of private dwellings, rather than the enumerators, were asked if there was a need for regular maintenance, minor repair and major repairs. The latter category was defined by Statistics Canada as: defective plumbing or electrical wiring, structural repairs to walls, floors, ceilings, etc.[5] The revised approach was continued in the 1991 and 1996 Censuses.

Second, the Census measures of the need for major repair did not correspond precisely with the definition of a substandard dwelling used under RRAP, where eligibility was determined on the basis of dwellings not meeting standards in five areas related to fire safety, structural soundness, and to electrical, plumbing and heating systems. As a result, the Census definition of the need for major repairs was considered to represent a conservative estimate that underrepresented total rehabilitation need.[6]

The Census had other limitations as well, particularly as a tool to facilitate social housing and rehabilitation program planning and allocations. With collection only every five to ten years and a turnaround time of three to four years to make data available for analysis, the results were not as current as desired.

As a result of the forgoing concerns, in the late 1970s, CMHC started to explore alternative approaches for assessing housing conditions and needs across the country. The preferred approach, developed in the early 1980s, was to build on one of the many supplements to Statistics Canada's Labour Force Survey system (LFS), called the Household Income, Facilities and Equipment Survey (HIFE). The HIFE micro-database already contained information on renter shelter costs and incomes. By sponsoring a few additional questions on this annual survey pertaining to housing conditions, it became possible for it to provide a more refined and current measure of housing needs

[4] Dennis, *Low-Income Housing: Programs in Search of a Policy*, p. 44.
[5] Miron, *Housing in Postwar Canada*, p. 182.
[6] CMHC, *RRAP Program Evaluation* 1986, p. 31.

and conditions.[7] With a turnaround time of under two years, data collected on the LFS system facilitated more up-to-date estimates of need, reliable at both the national and provincial levels.

The enhanced 1982 HIFE micro-database confirmed suspicions about the conservative nature of the Census estimates on the need for dwelling repairs. It indicated that more than one million dwellings or 13 per cent of all dwellings could be considered inadequate, as compared to the 580 000 units or 7 percent of all dwellings reported in the 1981 Census. The discrepancy between the HIFE and Census estimates was explained on the basis of differences in the questions asked, the order of the questions and the interpretive nature of the concept being measured. As the direction and strength of relationships between the need for major repair by province were similar for both HIFE and Census data, and because HIFE contained additional variables useful for the analysis, HIFE was generally used by CMHC and its provincial counterparts as the basis for estimating the need of rehabilitation. It was recognized, however, that HIFE likely overestimated need when compared to the Census.[8]

By the 1990s, it appeared that the HIFE and Census estimates of the condition of the existing housing stock in need of major repair were getting closer. This is illustrated in Figure 10, which compares the proportions of occupied dwellings in need of major and minor repairs, and regular maintenance, as reported in Census and HIFE surveys since 1981.

Figure 10
Condition of the Canadian Housing Stock
According to HIFE and Canadian Census

Percent of Occupied Dwellings

Need for	1981 Census	1982 HIFE	1985 HIFE	1987 HIFE	1989 HIFE	1991 Census	1993 HIFE	1995 HIFE	1996 Census	1997 HIFE
	%	%	%	%	%	%	%	%	%	%
• Major Repair	6.7	12.9	12.4	10.5	10.0	8.2	10.4	7.9	8.3	8.0
• Minor Repair	17.0	14.9	13.8	16.0	15.0	23.6	11.4	15.9	26.2	16.2
• Regular Maintenance	76.3	72.2	73.7	73.5	75.0	68.2	78.0	76.3	65.4	75.8
Total	100	100	99.9	100	100	100	99.8	100.1	99.9	100

Source - HIFE Surveys & Census Reports
Totals vary from 100% due to rounding.

Figure 10 shows that the proportion of dwellings in need of major repair, as reported by HIFE, has declined since 1982 and by 1997, HIFE's estimate of the need for major

[7] CMHC, *Core Housing Need in Canada*, (Ottawa: CMHC Public Affairs Centre, 1991), p. 8.
[8] CMHC, *Residential Rehabilitation Assistance Program Evaluation 1986*, p. 32.

repairs fell below the Census estimate. In addition, the HIFE micro-database showed that:

- The need for major repairs was reported more often by homeowners than by renters.
- The need for major repairs was greatest in the oldest stock.
- Housing stock conditions varied by size of settlement and region. The greatest concentration of dwellings in need of major repairs occurred in rural areas, where homeownership was particularly high.
- Regionally, the highest concentration of households reporting the need for major repairs was in the Atlantic provinces.[9]

Crowding

Crowding or housing suitability is another important measure of housing need. A household was defined up until 1988 to be occupying a crowded dwelling when there was more than one person per room. This norm took into account only the total number of rooms in a dwelling, regardless of type of room, and compared them to the total number of persons in the household, regardless of relationship. Any reduction in overcrowding was reasonably seen as an indicator of an improvement in the existing stock.

The table in Figure 11 shows the number of overcrowded dwellings using the initial norm, as reported in the Census from 1951 until 1971 and HIFE from 1976 to 1982.

Figure 11
Dwellings with More than One Person Per Room
Expressed as a Percentage of the Total Housing Stock, 1951-1980[10]

	Percent of Stock					
	1951	**1961**	**1971**	**1976**	**1980**	**1982**
	%	%	%	%	%	%
Basis	Census	Census	Census	HIFE	HIFE	HIFE
More Than One Person Per Room	18.1	16.5	9.4	4.3	2.5	2.3

Source - Census & HIFE Reports

The preceding table shows that the number of occupants per room fell sharply over the postwar period from 1951 to 1971 and then fell further from 4.3 to 2.5 percent between

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[9] CMHC, The Condition of Canada's Housing Stock (Ottawa: CMHC Research and Development Highlights, Socio-Economic Series, Issue 2, October 1991), pp. 1-2.

[10] For the Pre 1982 Period see; CMHC, *Social Housing Review: Background Document for Federal Consultation on Housing*, (Ottawa, Program Evaluation Division, December 1984), pp. 56-59. For 1982 see: Canada, *Consultation Paper on Housing*, p. 17.

1976 and 1980 as shown in the table in Figure 10. This represented a significant reduction, but still, over 230 000 households remained in crowded conditions in 1982.

Through consultations in the later 1980s with provincial and territorial housing agencies aimed at improving the measurement of housing conditions and needs, a more precise measure of suitability was developed to better reflect the housing expectations of contemporary society. This took the form of a National Occupancy Standard (NOS), which was sensitive to both household size and composition. The new standard no longer determined crowding by simply considering the total number of persons and rooms in a dwelling. Instead, it set the bedroom requirements of a household according to the following composition criteria:

- There could be no more than two persons per bedroom.
- Parents were entitled to a bedroom separate from their children.
- Household members aged 18 or over were entitled to a separate bedroom unless married or cohabiting as spouses.
- Dependents aged five or over of the opposite sex do not share a bedroom.[11]

Using this new measure of suitability, the 1988 HIFE survey estimated that approximately 797 000 Canadian households were living in crowded conditions. This was a significant increase from the 1982 estimate, using the old norm (230 000 households). On the other hand, the new suitability measure was also able to show that approximately 70 percent of the households living in unsuitable dwellings were able to afford renting alternative suitable accommodation locally. When this factor was considered, the number of households in core housing need with overcrowding problems dropped back down to 238 000.

From the earliest days of RRAP, households in unsuitable accommodation in rural areas were eligible for assistance to enlarge their dwellings, an approach that was considerably less costly than providing a new house in the same location. In 1995, just a year after the production of new social housing had ceased, RRAP eligibility for dwelling extensions was extended to urban areas to provide additional living space to address overcrowding. In this manner, the Government of Canada still had a program to address serious overcrowding situations for low income households in the absence of new social housing.

Affordability Need

Early estimates of the need for RRAP primarily focused on factors related to housing conditions and affordability. Housing affordability problems were generally measured on the basis of the number of households paying more than a certain percentage of their income for shelter. The original norm of 25 per cent was based on the generally accepted residential mortgage underwriting practice of one week's wages out of four

[11] CMHC, *Core housing Need in Canada* (Ottawa: CMHC Public Affairs Centre, 1991), p. 4.

being spent on housing, a rule of thumb that had its origins in the nineteenth century on the eastern seaboard of the United States. By the 1980s, an expenditure of 30 per cent of household income on principal, interest and taxes (PIT) become a recognized and accepted underwriting practice. During the development of the Federal/Provincial Social Housing Programs in the mid 1980s, CMHC and the provinces agreed to measure an affordability need for social housing on the basis of a household having to spend 30 per cent or more of its before tax income on shelter. Shelter costs and income for the purpose of determining shelter cost-to-income ratios for housing need purposes were based on comprehensive definitions. Household shelter costs were defined to include any expenditure made for a principal residence. For owners, these included payments for mortgage principal and interest; property taxes; and payments for utilities (water, fuel and electricity); as well as condominium fees, where applicable. For renters, these included rent and payment for utilities (water, fuel and electricity), where they were paid separately from rent. Income included the income reported by all members of the household 15 years of age and older. Gross, or before-tax household income, was compared to total shelter costs to calculate the shelter cost-to-income ratio.[12]

There was, however, a fundamental deficiency with this approach on its own as it included households who chose to spend 30 percent or more of their income on shelter, even though they could obtain adequate, uncrowded housing by spending less. Such voluntary expenditure or over consumption resulted in an overestimation of affordability problems. Another problem with this simple affordability measure was that it excluded low-income households that occupied inadequate or unsuitable (crowded) dwellings in order to keep their housing costs down. However, if such a household was to occupy an adequate and suitable dwelling it might have to pay more than the specified percentage of its income for shelter. In effect, the simple shelter cost-to-income ratio approach viewed affordability as a problem separate from that of adequacy and crowding. Having each indicator stand on its own in isolation from the others, make it difficult to assemble a complete picture of housing need. By the early 1980s, it was recognized that this was going to have to change if limited social housing resources were going to be effectively targeted. This was not an academic exercise but rather one that was essential to the effective allocation of program resources to recognized priority areas of need. An open and rational approach to program allocations would also better ensure the continued support of RRAP by elected officials and the Canadian public.

Core Housing Need

To overcome the difficulties with the traditional approach to estimating housing need, an improved measure referred to as "core housing need", was developed. First conceived during joint United States-Canada housing study carried out in the late

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[12] CMHC, *Core Housing Need in Canada*, p. 4.

1970s, the new core housing need model integrated the three housing need indicators (adequacy, suitability and affordability) into one comprehensive measure.[13]

This measure identified those households living below one or more of the three housing need indicators, that were or would have to spend 30 per cent or more of their before tax incomes to obtain adequate (not needing major repairs) and suitable (uncrowded) housing in their area. The measure, as a consequence, included households in inadequate or crowded dwellings who could not afford to move to adequate housing in their area without paying 30 per cent or more of their income to do so. In effect, the core need approach united the traditional measures of adequacy, crowding and affordability into one universal indicator of housing need.[14]

The new estimation of core housing need was more specifically based on data from the Household Income, Facilities and Equipment (HIFE) micro-data file, which was improved from the early 1980s, as noted earlier in this Chapter, to incorporate more specific measures to determine housing needs related to standards of crowding and adequacy as well as affordability. According to HIFE, households were defined as being in core need if they lived in dwellings below any of the three standards and had or would have to spend 30 per cent or more of their before tax household income to pay a norm rent. The norm rent was based on the average rent for an adequate, uncrowded dwelling unit estimated for each household size, by region and settlement size category.

The HIFE micro-data file and, hence, the core housing need estimates, were based on a sample of households rather than a complete census. Moreover, because of the limited sample size it was not possible to account completely for intra-regional variations in housing costs for certain groups such as Aboriginal people. The surveys were also not administered in the Yukon and Northwest Territories. As a result, the estimates of households in need were for the 10 provinces only. Similarly, the institutionalized and homeless were not captured by these statistics. The needs of these groups were special, and were considered separately.

The core need approach was viewed as representing a significant improvement on the traditional measures of housing need. The HIFE micro-data file provided the only basis for such estimates throughout the 1980s and into the 1990s. By 1991, the Census of Canada could also provide estimates of core housing need.

The chart in Figure 12 is generally the same as in Figure 9 in that it shows the number of dwellings needing major repairs reported in the Census since 1941. The difference

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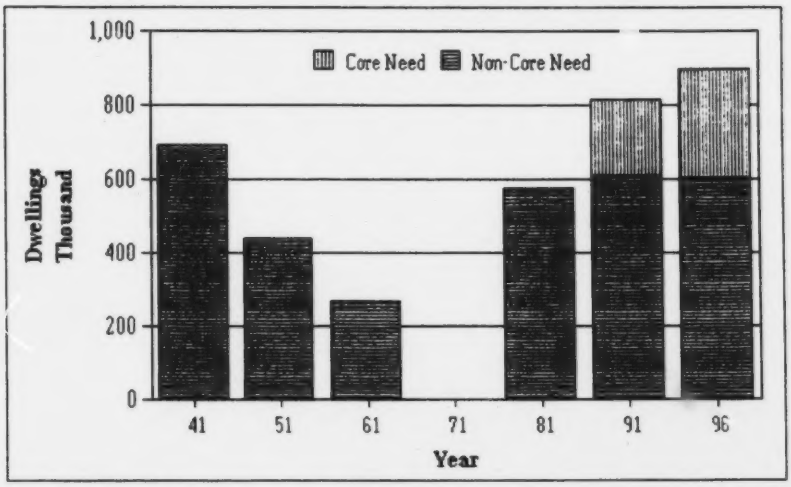
[13] US Department of Housing and Urban Development, *Housing Affordability Problems and Housing Need in Canada and the United States, A Comparative Study* (Washington, US Department of Housing and Urban Development, August 1981), p. i.

[14] Much of the text on the background to core housing need was drawn from the publication: CMHC, *Social Housing Review: Background Document for Federal Consultation on Housing*, (Ottawa, Program Evaluation Division, December 1984), pp. 56-59.

is that for 1991 and 1996 it also shows the estimated proportion of dwellings in need of major repair occupied by households in core need. It should be noted that this population does not represent all households in core housing need, just those living in inadequate dwellings.

Figure 12
Dwellings in Need of Major Repair
Occupied by Households in Core Need - 1991 & 1996



Source - Census of Canada

In 1991 and 1996 respectively, as shown in Figure 12, 26 and 33 percent of the dwellings in need of major repairs nationally were occupied by core need households who would be expected to need assistance to undertake the necessary repairs.[15] It is also noteworthy that the number of households needing such assistance increased by 40 percent between 1991 and 1996 from 211 000 to 298 000.

Finally, the core need concept had a broader application than just providing more precise estimates of social housing and rehabilitation program needs. With the introduction of the new directions for social housing in 1986, it also became the prime tool to facilitate the targeting and allocation of federal social housing resources. This will be discussed further in Chapter 6 in the section on program allocations.

Major Repair Need with an Aging Housing Stock

RRAP has always operated within the context of an aging housing stock. The 1986 RRAP Evaluation noted, based on 1982 HIFE data, that the need for major repair was positively related to the age of the dwelling, with the incidence of need being consistently higher for older dwellings.[16] The same observation can be drawn from the

[15] From data provided by John E. Engeland, Research Division, CMHC, June 2000.
[16] CMHC, *RRAP Program Evaluation*, 1986, p. 37.

1996 census. The table in Figure 13 shows the distribution by dwelling age intervals, of all dwellings and dwellings in need of major repairs.

Figure 13
Distribution and Incidence of Need for Major Repairs by Dwelling Age - Canada 1996

Dwelling Age Group (Years)	1996 Census				
	All Dwellings		Major Repair Need		Incidence of Major Repair Need
	# (000)	%	# (000)	%	%
> 40	3,531	33	482	54	13.7
31-40	1,831	17	160	18	8.7
21-30	2,447	23	172	19	7.0
11-20	980	9	42	5	4.3
< 11	2,031	19	45	5	2.2
Total	10,820	100	901	100	8.3

Source - 1996 Census of Canada

While just half of all occupied dwellings in Canada in 1996 were over 30 years of age, 72 percent (54 + 18) of the dwelllngs in need of major repair fell in this age group. Dwellings over 40 were more than 5 times more likely to need major repairs than dwellings under 20 (54% vs. 10%). Such a finding should not be considered unreasonable given that older dwellings were likely built to lower standards prevailing at the time, contain outdated systems, suffer more wear and tear, and are more susceptible to problems caused by lack of maintenance.

A simple model of the future need for major repair, taking the aging of the existing stock into account, developed in the 1986 RRAP Evaluation, has been updated to provide a more current estimate of future need.[17] This model assumes that the incidence of major repair need determined by dwelling age will remain constant, that is, dwellings constructed today will have the same incidence of repair needs in 25 or 40 years as do dwellings which today are 25 to 40 years old. The model, as illustrated in the table in Figure 14, compares the estimated number of all occupied dwellings in Canada broken down by dwelling age intervals and the coinciding number and percentage of units estimated to be in need of major repair.

[17] CMHC, *RRAP Program Evaluation*, 1986, p. 38.

Figure 14
Forecast of Need for Major Repairs (2001, 2006, 2011)

Dwelling Age Group (Years)	1996 Maj Rep Need %	1996 Stock Dwellings # (000)	1996 Major Repair # (000)	2001 Stock Dwellings # (000)	2001 Major Repair # (000)	2006 Stock Dwellings # (000)	2006 Major Repair # (000)	2011 Stock Dwellings # (000)	2011 Major Repair # (000)
> 40	13.7	3,531	482	4,401	603	5,417	742	6,332	867
31-40	8 7	1,831	160	2,139	186	1,926	168	1,768	154
21-30	7 0	2,447	172	1,713	120	1,610	113	1,730	121
11-20	4 3	980	42	1,506	65	1,851	80	1,849	80
< 11	2 2	2,031	45	2,195	48	1,848	41	1,674	37
Total	8 3	10,820	901	11,954	1,022	12,652	1 144	13,353	1 259
Incidence			8.3%		8 5%		9 0%		9 4%

Source - 1996 Census of Canada

Assumptions

1) The stock increased by an average of 293,300 units annually between 1996 and 1999, bringing the total stock to 11.7 million (1999) and then increased by 150,000 units annually thereafter.
2) Demolitions of 5 percent of the over 40 year old stock each five years.
3) Major repairs at 1996 incidence.

As shown in the table in Figure 14, it is estimated that the number of dwellings in Canada will increase and substantially age over the first decade of the new millennium. Over the 15 years between 1996 and 2011, the housing stock is expected to grow by 2.5 million dwellings (169 000 per year on average) or 23 percent, based on the historical rate of increases and updated estimates of the number of occupied dwellings in 1999.[18] The number of dwellings over 40 years old will grow by 2.8 million or 79 percent over the same period.

Given the significant aging of the stock and the high correlation between its age and the need for major repairs, and assuming that the 1996 relationship between dwelling age and the need for major repair holds in the future, there will be a growing need for rehabilitation in future years. Over the same 15 year period 1996 - 2011, it is estimated that the stock in need of major repair will grow by 358 000 units or 40 percent. Overall, in 2011, it is estimated that more than 1.26 million or 9.4 percent of all dwellings will be in need of major repair, unless some substantial action is taken before this time to address their outstanding repair needs. While changing construction technology and building materials may result in improvements to the lifetime of dwellings, there is no hard evidence that this is happening on a broad basis or that it is likely to have a positive effect on the more marginal stock. Basements, windows, roofs, equipment and many other components will continue to need repairs and replacements as the years go by. In addition, expected increases in the cost of energy and the need to reduce fossil fuel emissions over the next decade might be expected to create added demands for

[18] In September 2000, Officials in CMHC's Market Analysis Centre estimated that in 1999 there were 11,700,000 occupied dwellings in Canada and indicated that a reasonable estimate of the annual increase in the stock to 2011 was 150,000 units.

programs to upgrade the energy efficiency of the older and worn out stock often occupied by lower-income households.

Aboriginal Housing Need

The final report of the Royal Commission on Aboriginal Peoples (RCAP) made public in November 1996, reported that standards of housing available to many Aboriginal households remained measurably below what was required for basic comfort, health and safety.[19] This contention is supported by the following evidence presented by the Commission.

The housing situation amongst all Aboriginal groups was documented by the Aboriginal Peoples Survey (APS), the first comprehensive study of Aboriginal housing and living conditions, undertaken in 1991 by Statistics Canada and by 1994 data about registered Indians living on Reserves from the Department of Indian Affairs and Northern Development (DIAND).

A comparison of this data with indicators of the housing situation for the Canadian population as a whole revealed that:

- Some of the most dramatic disparities between the Aboriginal and non-Aboriginal populations occurred in the community services associated with dwellings. For example, Aboriginal households were more than 90 times as likely as other Canadian households to be living without a piped water supply. Most Canadian households without a piped water supply, the Commission emphasized, were probably Aboriginal households. On reserves, the data showed more than 10,500 dwellings still without indoor plumbing, or 14 percent of the total.
- Houses occupied by Aboriginal people are twice as likely to need major repairs as those of all Canadians. Almost 47 000 or 20 per cent of these dwellings were in poor condition according to assessments by occupants. These conditions were present despite the fact that Aboriginal-occupied housing was generally newer than that occupied by other Canadians.
- On-Reserves alone, DIAND estimated that some 13,400 homes needed major repairs and close to 6,000 required replacement, amounting to 26 per cent of the total, or two and a half times the proportion of Canadian dwellings in need of major repairs.
- Turning to the issue of crowding, the surveys found houses occupied by Aboriginal households were smaller on average than those of Canadians as a whole, yet they tended to have more occupants. Over, 25 800 dwellings (almost 11 percent) occupied by Aboriginal households required additional bedrooms to accommodate the number of occupants. On Reserves, 4.9 percent of band-owned housing units

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[19] Canada, *Final Report - Royal Commission on Aboriginal People, Volume 3, Chapter 4* (Ottawa: Supply and Services Canada, November 21, 1996).

contained multiple-family households, compared to 1.2 percent of all occupied dwellings, or more than four times the countrywide proportion.

- Aboriginal people were substantially more likely to be tenants than Canadians as a whole, and this understated the situation on Reserves, where 59 percent of households lived in band-owned housing and tenure was uncertain. Whereas home ownership was the largest single form of wealth enjoyed by the majority of Canadians, it was much less common among Aboriginal people. This reality, it was suggested, affected everything from their incentives to upgrade and their ability to modify their dwellings and leave them as their future legacy to their children.

The primary source of the gap between Aboriginal and non-Aboriginal housing was seen as affordability, or the difference between household incomes and the costs of adequate, suitable housing. In 1992, it was reported, between 11 and 12 percent of Canadian owner and renter households in core need could not afford their dwellings or could not afford to upgrade their living conditions to a reasonable standard of adequacy. By contrast, DIAND estimated that, 47 000 or 61 percent of the 74 000 On-Reserve households could not afford the full cost of adequate accommodation.

It was further estimated 63 000 Inuit and Off-Reserve Indian households were in core need. Combining this estimate with the estimate of On-Reserve households that could not afford the full cost of adequate accommodation suggested that Aboriginal people accounted for about nine per cent of all Canadian households in housing need, that was, 110 000 out of 1.16 million. However, Aboriginal households comprised only about 2.7 percent of all Canadian households. In other words, even though Aboriginal people tended to be living in housing that was cheaper and of poorer quality, they were more than three times as likely as other Canadian households to be unable to afford it.

The statistics on housing and living conditions were confirmed by the daily experience of Aboriginal people presented in testimony to the Commission. Again and again, they told of the problems of overcrowded and substandard dwellings in their communities. For example, Valerie Monague, a social service administrator from Christian Island, Ontario, told Commissioners, "We have families that are doubled and tripled up. We have up to 18 and 20 people sometimes living in a single unit built for one family". Martin Heavy Head, chairman of the Treaty 7 Urban Indian Housing Authority, noted that "low-income Native families...have no other place to go. The slum landlords in town are doing a great business". Matthew Stewart, speaking in Vancouver on behalf of the National Aboriginal Housing Committee, said that for people living off-reserve "the biggest single problem...is affordable housing".

Based on these findings, the Royal Commission concluded that although aboriginal housing conditions had been improving gradually, and the conditions described by the statistics were better than they were a decade ago, the differences between these conditions and those of the general Canadian population remained great.[20] It then

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[20] Canada, *Final Report - Royal Commission on Aboriginal People, Volume 3, Chapter 4.*

went on to recommend that the Government of Canada make resources available over the next 10 years to ensure that housing for Aboriginal people On-Reserve is fully adequate in quantity and quality and engage the governments of the provinces and territories to reach the same goal in rural and northern communities and in urban areas.

Homelessness

The previous chapter notes that in the latter years of the 1990s RRAP became one of the most prominent federal program initiative to address homelessness. Besides its capacity to improve rooming houses and other facilities serving the homeless, it also helped to improve the condition of the lower cost rental stock available to the near homeless.[21] This program response was driven by growing evidence and awareness that homelessness was a problem that needed to be addressed. Indicators of the need included unquantified reports of the high demand for accommodation in emergency shelters, the closure of many rooming houses and too frequent reports of homeless persons living and dying on the streets. There is, however, no generally accepted definition of homelessness or reliable national statistics to provide a good sense of the size and nature of problems in Canada.

Recognizing that traditional assessments of housing need did not address issues of homelessness, CMHC undertook a research project in 1995 to develop and test a homelessness data collection and management system. The Homeless Individuals and Families Information System (HIFIS) resulting from this project was slated for release in January 2001. It was specifically intended to help shelters and municipalities develop useful and comparable information on homeless people. Using HIFIS, agencies would for the first time have the capability to collect information that provides longitudinal, multi-locational and unduplicated data on a shelter's homeless clients over time. Designed by and for shelters, this user-friendly system was expected to meet their administrative needs and help officials at all levels assist the homeless population. Specifically, it would help to identify:

- the unique characteristics of the shelter population;
- the types of services homeless people most frequently use;
- the types of situations that most frequently lead to homelessness; and
- the types of support and services needed to reduce homelessness.

HIFIS also gave shelters access to automatic reporting functions including billing and the ability to generate custom reports. Municipalities will also benefit from HIFIS. By identifying the characteristics of homeless people served by shelters in their jurisdiction, the system would provide municipalities with a basic understanding of an important portion of the homeless population for the first time. Local governments would consequently be better able to plan, monitor and evaluate policies and programs for

[21] Human Resource Development Canada. *Summary of Cross-country Tour Reports* (Ottawa: Homeless Secretariat, 1999), pp. 1-2.

reducing homelessness.[22] The data was also expected to be made available, subject to confidentiality considerations, to other levels of government to support appropriate research and policy development efforts.

CMHC developed the HIFIS system under its Research and Development (R&D) mandate, but that mandate would not allow CMHC to support the system as an operating system in perpetuity. Consequently, in 2001 an agreement was reached with the National Secretariat on Homelessness to take on HIFIS, with the express purpose of making it available to shelters and communities across the country.

Summary

This chapter described how housing needs have been defined and measured in Canada since the 1940s and reports on the resulting incidence of housing adequacy, suitability and affordability need, measured separately and in combination as an indicator of "core need". Of particular note is the evidence that the both the number of dwellings in need of major repair and the portion occupied by households unable to afford needed repairs have been growing, and is expected to continue to grow over the next decade . Further evidence is provided which indicates that housing adequacy, suitability and affordability needs are most acute in Aboriginal communities, both On- and Off-Reserve. The homeless are also facing a severe housing crisis but the size and nature of problems in this complex area are only now being studied in a comprehensive way.

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[22] John Engeland, *CMHC Developing Homeless Individuals and Families Information System*, (Ottawa: CMHC National Housing Research Committee Newsletter, Fall 1999), p. 7.

Chapter 5

Program Design

The review of literature on housing rehabilitation in Canada, reflected in this history, provides a positive assessment of the contribution of RRAP over the past 25 years to the improvement of housing conditions in urban, rural and remote areas in all parts of the country for households in need of assistance. To a large measure, this success was due to the merits of the program's core design and the flexibility it offered to deal with changing conditions and priorities over the years. The purpose of this chapter is to provide a more focused description of the four key elements of the program design and their evolution than was possible in the general chronology described in Part 1. The four design elements pertain to: i) eligibility criteria; iii) eligible repairs; iii) benefits; and iv) maintaining improvements.

RRAP Eligibility Criteria

Over the years, eligibility for RRAP assistance has been limited to clients meeting criteria in five areas related to the dwellings characteristics (history, sponsorship, location, condition, value and suitability) and the applicant's income. Each of these, and the way they varied over time, is described below. Appendix B, Figure B1 is a simplified summary of eligibility criteria for each component of RRAP during three periods in time: 1974-1985, 1986-1994 and 1995-1999.

Dwelling Age - Dwellings were required to be at least four or five years old before qualifying for assistance, a measure designed to ensure the program was targeted at the existing substandard housing rather than repairing or completing poorly built new units.

Repeat Assistance - Initially dwellings were not eligible for a second RRAP loan, a policy intended to discourage partial RRAP by removing expectations that a new RRAP loan could be easily obtained to do more of the work. Exceptions were possible, however, where there was an immediate threat to health and safety. In such cases, the combined forgiveness amounts of the original and second loan could not exceed the maximum forgivable loan available at the time of the second application. In the early 1990s CMHC agreed to permit new RRAP applications 15 years after the original RRAP loan was approved, provided that the outstanding balance on the previous loan was paid in full. At the same time, it agreed that second applications to "top-up" the amount of a RRAP loan to the current loan and

forgiveness maxima would continue to be permitted within the 15 year period following the original loan approval.[23]

Sponsorship and Project Type - Eligibility to participate in RRAP was extended from time-to-time over the years, demonstrating the flexibility that was a critical factor in the programs long-term success. For example, in 1988, special purpose projects and emergency shelters in receipt of ongoing shelter and care subsidies, or which were owned by other governments, which had previously been ineligible for RRAP, were allowed to apply for assistance under RRAP PWD in order to make accessibility improvements.[24] In the late 1990s, regular Rental and Rooming House RRAP eligibility was extended to shelters in recognition of the need to improve the housing of some of the most vulnerable people in society. There was always pressure to extend RRAP to existing social housing, but this was ruled out on the basis that most social housing program funding included provisions for funding normal repairs and replacements over the life of a project.

Geographic Location - During the first phase of RRAP (1973-1985) eligibility under the urban homeowner and rental programs was limited to dwellings located in NIP or special federal/provincial designated areas. After NIP ended in 1978, Urban RRAP was only available in areas designated by CMHC with provincial and municipal concurrence. From its introduction in 1974, Rural RRAP was only available in communities of 2 500 or less population. In 1978 Indians living On-Reserve were also eligible. Geographic targeting did not apply to applications for assistance from non-profit housing groups or, after 1981, for repairs and improvements to make units accessible for persons with disabilities. With the new directions for social housing programs announced in 1985, RRAP eligibility in urban areas became universal, meaning that area designations no longer limited access. Applications could be considered for dwellings located anywhere. Universal access has remained a feature of the program.

Need for Repair/Improvement - To be eligible for RRAP, dwellings, including both self-contained units and hostel or rooming house beds, initially had to be substandard in at least one of four areas pertaining to plumbing, electrical and heating systems, and structure. Early on, fire safety was added to the list. A sixth item was added in the early 1980s that permitted RRAP funds to be used for repairs and modification to make units accessible to persons with disabilities. Mobile homes were also eligible for RRAP assistance, provided they were located on owned land or satisfied CMHC's security requirements for leased land. Conversions of residential buildings by non-profit housing societies to permit alternative residential uses was permitted during the first phase of RRAP. In the late 1990s, RRAP eligibility criteria was extended to permit the conversion of nonresidential

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[23] CMHC, *Second RRAP Loans* (Ottawa: Internal Briefing Note, Residential Improvement Group, June 1, 1992). The recommended policy was subsequently approved.

[24] CMHC, *RRAP (D) Special Purpose Projects & Emergency Shelters* (Ottawa: RRAP Advice # 88-036, August 1988).

buildings to residential use as a component of federal efforts to provide needed housing for the homeless.

House Values - The 1987/89 renovation consultations stimulated considerable discussion about ways to ensure that lower income households with significant personal assets were not unreasonably benefiting from the program. The chosen option to address this concern, when forgiveness was substantially increased with the 1995 program improvements, was to limit program eligibility under Homeowner RRAP and RRAP PWD to households owning property with a value below a CMHC established House Value Thresholds (HVT). This change coincided with increasing availability of private housing finance options to help homeowners gain access equity for repairs (e.g., equity lines of credit, second mortgages and reverse mortgages). HVTs were not applicable to Rental or On-Reserve RRAP.

The HVTs introduced in 1995 are described in Figure 15 below:

Figure 15
House Value Thresholds - 1995-2000

Location	HVT
Greater Toronto, Vancouver & Victoria Census Metropolitan Areas.	$250 000
Major Census Areas, Census Metropolitan Areas and other designated communities including the Yukon, NWT, Northern Quebec and Labrador.	$175 000
All other areas in Canada.	$125 000

Suitability - Using RRAP to construct additional space to deal with crowding was a program policy issue from the beginning. It was initially addressed in the field by local offices allowing additions even though early program guidelines did not officially provide for them. Over time they were permitted, initially under Rural RRAP, first through addendum's to the standards and then in 1986 with the new directions for housing solutions as a clear RRAP policy in rural areas. In urban areas, the solution to overcrowding after 1985 was generally seen as the provision of alternative accommodation through the production of new social housing, which was possible until these programs were canceled in 1993. As a consequence, the option of providing additional space to address overcrowding was offered for the first time in urban areas under Homeowner RRAP in 1995.

Although improvements to make homeowner and rental dwellings accessible to persons with disabilities were eligible for RRAP under the first RRAP Standards in 1977, this feature of RRAP did not receive any special recognition or support until June 1981 when such improvements were made eligible for inclusion within the forgivable loan amount. In November 1982, an additional loan of $3 000 with $1

500 forgivable was made available for work to increase access for disabled persons. In 1986 RRAP PWD became a full-fledged program component where eligible clients did not have to be in core need as required under most social housing programs. In 1995 eligible RRAP PWD homeowner clients had to be in core need, as did the tenants in rental units qualifying under the program.

Income Limits - During its first phase (1973-1985) Homeowner RRAP eligibility was limited to low and moderate income households with incomes at or below a single ceiling established nationally by CMHC. With the 1985 program changes, eligibility was and continued to be limited to families or individuals in core housing need with incomes below core need income thresholds (CNITs). The beginning of efforts to target RRAP to households in core need in 1986 represented the single most significant change to the program's eligibility requirements over the history of RRAP program to that date.

Because of the difficulties of getting income information from tenants, income ceilings were not applicable to Rental RRAP until 1995. During the pre 1986 phase of the program, it was assumed that Rental RRAP targeting objectives were being achieved by limiting eligibility to apartments in NIP and RRAP designated low-income areas. With the 1986 changes, Rental RRAP eligibility used low rents as a proxy for low income targeting and restricted the program to properties where rents before and after rehabilitation were at or below average market rents. The 1995 changes further targeted eligibility requirements to rental projects where tenant incomes were below CNIT. The advantage of CNITs was that they provided a nationally consistent methodology based on local market housing realities. CNITs were not applicable to rooming houses and hostels since the correlation between this type of accommodation and low income people is strong.

Income limits did not apply under Non-Profit RRAP (1974-1985) where sponsors or co-operative housing associations already had operating agreements with CMHC, ensuring that low and moderate income households were being served.

Income ceilings and CNITs were not formally applicable to applicant eligibility for RRAP PWD prior to 1995, although assistance declined to zero when a homeowner's adjusted income reached $33 000 annually. With the 1995 program changes CNITs were applied. For On-Reserve RRAP, Homeowner RRAP income limits applied prior to 1995. CNITs, which became the upper level for Homeowner RRAP eligibility in 1995 were not applied under On-Reserve RRAP because they were based on average market rents, which were not applicable on Indian reservations. In order to ensure that this component of the program remained targeted to households in need, special Forgiveness Income Limits (FILs) were established by CMHC, which set the upper income limits for assistance.

Eligible Repair Costs - RRAP Standards

A critical aspect of the design of RRAP has been the definition of which types of house repairs and improvements are eligible for program funding.

Instructions regarding the standards to be achieved in rehabilitation were provided shortly after the program was introduced. These indicated that RRAP funding was available to finance required rehabilitation to bring dwellings up to building maintenance and occupancy (M&O) standards established by municipal by-laws. Such standards, to be acceptable, had to generally reflect CMHC's "Guidelines for Reviewing Municipal Minimum Property and Maintenance Standards", which were attached to the initial RRAP policy instructions.[25]

In June 1976, CMHC introduced Standards for the Rehabilitation of Residential Buildings (RRAP Standards) to more clearly specify the work that would be eligible for funding under both Urban and Rural RRAP.[26] This represented a significant improvement from the earlier policy based on the use of M&O standards in municipal by-laws. The difference was that M&O by-laws established a minimum level of maintenance that had to be adhered to as a matter of local law, whereas RRAP Standards identified the nature and extent of repairs that could be funded under RRAP. More specifically, M&O by-laws generally covered health and safety items and did not address the issue of restoring existing housing units and ensuring their longer term livability. Also, wide variations in their content and the extent of their enforcement limited their utility as a tool for standardizing the type of work which would be eligible under RRAP. RRAP Standards were seen as a much more practical way to ensure the program was addressing needed repairs and improvements, as well as extending the dwellings useful life. The adoption of M&O codes or by-laws was seen as a tool to help ensure the longer term maintenance of the housing stock generally and for the longer term.

The initial RRAP Standards covered: site planning and improvement; building space and planning; fire protection; structural; insulation; caulking; windows; doors; enclosed space access and venting; finishes; heating and plumbing; sewage disposal and electrical. The standards identified mandatory or "shall" items to be addressed under RRAP. There were also recommended or "should" items that prescribed the maximum work that property owners could do with RRAP assistance. These items were encouraged, to the extent that an owner could afford them, since they were frequently the type of improvement that both improved the livability of the dwelling and contributed directly and visibly to the appearance of the neighbourhood in which it was located. Visible evidence of the residents' confidence in their neighbourhood was seen as an important catalyst to investment by other property owners, as well as an indication of

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[25] CMHC, *Residential Rehabilitation and Conversion Assistance Program* (Ottawa: GM B 804 December 17, 1973), p. 2.

[26] CMHC, *Standards for the Rehabilitation of Residential Buildings* (Ottawa: GM B 1087 June 1, 1976).

support for investment in public improvements that were also necessary to ensure neighbourhood rejuvenation.

Reflective of the spirit of flexibility at the time they were introduced, it was clearly indicated that the first standards were not to be interpreted in a rigid and exclusive manner. They were to be viewed as having the flexibility to recognize as legitimate any costs for improvements that were within the spirit of the RRAP objectives and current program policy. However, CMHC officials in the Neighbourhood and Residential Improvement Division at the National Office were to be advised through local offices of additional items thus approved, with a view to their suitability for incorporation in later editions of the standards.[27]

The flexibility offered in the first standards, however, was short lived. In March 1979, modified RRAP Standards were introduced for all RRAP programs. Mandatory items established the minimum amount of work that had to be done. Recommended items indicated the maximum work the property owner might do with RRAP assistance.[28] This action was taken to reduce the possibility of RRAP funding being used for nonessential purposes resulting in only a portion of needed repairs being undertaken, a situation referred to as "partial RRAP". Notwithstanding this initiative, delivery agents were always under pressure to modify the work items to come in under the forgivable amounts, particularly as increasing costs reduced the total amount of work that could be completed within the limits of available assistance. Partial RRAP continued to be an issue.

Notwithstanding the tightening up of RRAP Standards in the late 1970s, inspections conducted as part of the 1986 RRAP evaluation revealed that between 40 and 50 percent of homeowner and rental dwellings surveyed had at least one outstanding item in substandard condition. The inclusion of non-essential work items at the expense of mandatory items was believed to account for some of the incompleteness.[29] In order to better ensure that essential repairs were completed, under the post 1985 program, the approval of a RRAP loan was to be conditional on all mandatory repairs being corrected. Further, assistance in the form of loan forgiveness was only available to address mandatory items. Additional work, which might improve the basic livability of a unit, had to be financed through the repayable loan or equity.

RRAP Standards have continued to the present day to be a key element of the program design. Over the years their administration has not only been tightened but also new areas have been emphasized, important issues related to the cost-effective rehabilitation have been addressed and more attention has been given to their application under specific RRAP components. Administrative tightening refers to efforts to more clearly define mandatory items eligible for RRAP assistance. The new areas

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[27] CMHC, *Standards for the Rehabilitation of Residential Buildings*, GM B 1087 June 1, 1976), Attachment p. 2.

[28] CMHC, *Standards for the Rehabilitation of Residential Buildings* (Ottawa: GM B 1369 March 29, 1979).

[29] CMHC, *RRAP Program Evaluation*, 1986, pp. 3-4.

covered have addressed: i) the livability of the dwelling occupied by persons with disabilities; ii) enhanced definitions of structural soundness to include weather resistance of roofs and walls, control of termite infestation and work to reduce sound transmission; iii) building extensions and iv) environmental considerations related to factors like hypersensitivity. More recent standards have also included content addressing questions about the scope of the rehabilitation related to the retention or replacement of functioning but deteriorated components of the building; on the basis of a "best buy[30]" analysis.[31] Finally, in the mid 1990s, separate documents have been published outlining the standards applicable to each of the three main program sub components, Homeowner RRAP, Rental/Rooming House RRAP, and RRAP for Persons with Disabilities.

RRAP Benefits

The clients under all RRAP components qualified for substantial economic benefits. These have and continue to include access to loans at reasonable interest rates and terms to cover eligible repair and improvement costs, and assistance by forgiving the repayment of a portion of such loans. The evolution of these benefits and how they were calculated are reviewed below. Appendix B, Figures B2 to B5 provides a simplified comparative summary of the benefits available under each component of RRAP during four periods of time: 1974-1985, 1986-1994, and 1995-1999. Figure B6 in Appendix B provides references to directives and dates of specific changes in RRAP income limits, and loan and forgiveness maximums.

Access to Loans for Repairs and Improvements

Prior to 1979, direct loans from CMHC were available under Homeowner, Rental and Non-Profit RRAP. In 1978, major changes were introduced to a number of CMHC's social housing programs to limit demands on the Corporation's capital budget. The requirement for Rental and Non-Profit RRAP project proponents to seek capital financing from private lenders was adopted at that time. CMHC direct lending continued to be offered, if required, for accessibility work and to small landlords of two unit buildings who occupied one unit and rented the other. The new lending approach was referred to as RRAP P and only applied to the urban rental aspect of RRAP. Homeowner and Rural Rental RRAP loans (if landlords wished) were still provided directly by CMHC.

The amount of money that could be borrowed by eligible clients where CMHC was the lender was not open ended. From the beginning of the program, maximum loan amounts were established for each qualifying unit or hostel bed, by client type.

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[30] "Best Buy" is a term generally referring to making a procurement decision on the basis of the least cost, taking into account agreed criteria pertaining to functionality and expected useful life.

[31] CMHC, RRAP Homeowner Standards for Rehabilitation: A Guide for RRAP Inspectors and Delivery Agents (Ottawa: CMHC, 2000), pp. 1-2.

Initially the same maximum loan amount applied in both urban and rural areas. By the mid 1980s, this was changed to reflect the higher costs associated with rehabilitation in different zones of the country, e.g., Zone 1 was the Atlantic provinces and the southern half of the other six provinces, Zone 2 included the northern half of the other provinces and Zone 3 was the two northern territories, northern Quebec and Labrador.

Where Rental RRAP loans were provided directly by CMHC prior to 1979, CMHC appraisers were required to undertake project viability assessments to provide assurance that landlords would be able to repay their repayable RRAP loans. While viability assessments were not needed for this purpose when such financing was provided by private lenders, they were still required to provide assurance, based on the cost of repairs and the terms of financing, that the project's post RRAP rent levels could reasonably conform with program requirements.

Loans, including both the repayable and forgivable portions, were to be secured by mortgages in favour of CMHC or such security as CMHC considered adequate to protect its interests, such as promissory notes. In the year 2000, loans less than $25 000 could be secured by promissory notes and loans of $25 000 or more had to be secured by mortgages. Legal fees and expenses associated with RRAP loans were the responsibility of the applicants, but could be included in the loan amount as an eligible rehabilitation cost.

Assistance - Reduced Interest Rates

Initially RRAP involved two forms of subsidy to lower the cost of borrowing money to cover the cost of eligible repairs. The first reduced interest rates on the repayable loans provided by CMHC to below market levels. This form of subsidy, which was available to homeowners, landlords and non-profit groups, continued until May 1978 when CMHC announced that it would no longer be available and interest on RRAP loans would be charged at a rate related to that yielded by certain Government of Canada bonds.[32] Although this was a higher rate, it was still below the levels which program clients would likely have to pay in the private market. The rationale for the change was that it should not matter whether the subsidy was in the form of an interest subsidy, a forgivable loan or something else. What was of central importance was the effective interest rate achieved by combining whatever subsidy was offered with the repayable loan component. In this connection, the upward adjustment of income limits and forgiveness levels in 1977, a year earlier, coupled with lower interest rates generally in the economy, had effectively served the same purpose as the withdrawal of interest write-down assistance, as witnessed by the surge in RRAP take-up in 1982.[33] The ending of the interest rate subsidy also removed a program feature which gave greater benefits to homeowner clients with

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[32] CMHC, *Residential Rehabilitation Assistance Program* (Ottawa: GM B 1279, May 12, 1978), p. 4.

[33] CMHC, *Update on CHARO/CMHC Task Force Report* (Ottawa: RRAP Advice 83-014, May 6, 1983).

relatively higher incomes who could afford larger repayable loans than to lower income clients who would be less able to afford additional debt.

Minimum monthly payments were established for RRAP repayable loans, which could be waved by CMHC in hardship cases.

Assistance - Loan Forgiveness

The second form of assistance was providing by forgiving the repayment of a portion of the RRAP loan over a specified period of time, if the homeowner continued to maintain and reside in the unit and if the landlord continued to abide by the terms of an operating agreement with CMHC regarding post RRAP rents. The provision of loan forgiveness was and remains the single most important component of the program design. Like many of the other elements of RRAP, the amount of the loan and forgiveness available and the formula for determining how much a particular client would qualify for has changed over the years. The rationales for these changes were reviewed in the chapters dealing with the evolution of RRAP.

Showing how loan and forgiveness limits changed over time is one thing, explaining how these loans were calculated is another, requiring some insight into the more complex areas of the program's design. In summary, within the program eligibility criteria and loan and forgiveness limits noted earlier, the maximum forgiveness assistance under the pre 1995 homeowner program was available to households with an income up to a specified level, e.g., $6 000 in 1973 and $13 000 in 1994. Forgiveness assistance then declined to zero, by $1 for every $2 of income over the specified level. With the 1995 program changes, the maximum forgiveness assistance was available where the household income was 60 percent or less of the CNIT for the area; and declined to zero for households with incomes at CNIT, on the basis of a forgivable loan factor and the cost of mandatory repairs. The repayable portion of the loan, which took into account the households ability to service the debt, covered the gap between the amount of the forgivable loan and the eligible approved cost of the repair work to be undertaken.

Four hypothetical case examples are presented in and explained after Figure 16, to illustrate how forgivable and repayable loans have been calculated under homeowner program for families with different incomes at three points of time; when the program was first introduced, in 1974, from November 1982 until 1994, the longest period during which benefits remained unchanged, and from 1995 on. The two examples in the post 1994 period reflect households with different incomes to illustrate how income affects benefits. The presentation is applicable to On-Reserve RRAP, except that the references to CNITs would be replaced by Forgiveness Income Limits (FILs). It also applies to homeowner clients under RRAP for Persons with Disabilities introduced in 1995.

Figure 16
A Comparison of Loan Forgiveness Calculations
1974, 1985, 1995 - Homeowner RRAP

Key Elements of Calculation & Reference #s.	1974	1982 - 1994	1995	
	Family A	Family B	Family C	Family D
CMHC Specified Parameters				
1 Income Ceiling Determined by	CMHC	CMHC	CMHC	CMHC
2 Basis for Ceiling	National	National	CNIT	CNIT
3 Maximum Eligible Income	$11 000	$23 000	$30 500	$30 500
4 Maximum RRAP Loan	5 000	10 000	18 000	18 000
5 Maximum Forgivable Loan	2 500	5 000	12 000	12 000
For those earning less than -	6 000	13 000	60% of CNIT	60% of CNIT
Household Income				
6 Gross	8 000	16 000	16 000	24 000
7 Adjusted	7 000	15 000	15 000	23 000
Eligible Repair Costs				
8 Mandatory	3 000	8 000	8 000	8 000
9 Other	1 000	1 000	1 000	1 000
10 Total Eligible Repair Cost	4 000	9 000	9 000	9 000
Forgivable Loan Calculation				
11 Maximum Forgivable Loan	2 500	5 000	12 000	12 000
For those earning less than -	6 000	13 000	18 300	18 300
12 Forgiveness Reduction	500	1 000		
13 Income as % of CNIT			49%	75%
14 Forgiveness Loan Factor			1.0	.625
15 Potential Forgivable Loan	2 000	4 000	8 000	5 000
16 Forgivable Loan	2 000	4 000	8 000	5 000
Repayable Loan Calculation				
17 Maximum RRAP Loan	5 000	10 000	18 000	18 000
18 Total Loan Required	4 000	9 000	9 000	9 000
19 Forgivable Loan	2 000	4 000	8 000	5 000
20 Repayable Loan	2 000	5 000	1 000	4 000

Notes:

CMHC Specified Parameters

1 - 5 These parameters of RRAP are specified by CMHC and apply nationally. For Families A and B the Maximum Eligible Income is based on CMHC maximum applicable nationally, and for families C and D based on CNIT for a four bedroom unit based on local average market rents, in this case in a typical Maritime city. Loan limits assume the dwelling is in zone 1. For On-Reserve RRAP, CNITs are replaced by FILs (Forgiveness Income Limits). In all cases, the family is composed of a single parent and five children.

Household Income

6 & 7 Gross household income provided by client and verified by agent, and then adjusted according to rules established by CMHC.[34]

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[34] For homeowners, the amount of loan forgiveness available was dependent on the households adjusted family income. This was initially the aggregate gross income, in whatever form received, of the principal wage earner and the spouse. Certain deductions could be made from this gross income figure, e.g. living

Eligible Repair Costs

8 The cost of the mandatory repairs, which after 1985 were the only costs eligible for loan forgiveness assistance.

9 Other eligible costs which before 1986 could be covered to the extent possible by the forgivable loan and after 1985 by the repayable loan.

10 The sum of 8 and 9, representing the total eligible for RRAP funding through forgivable and repayable loans.

Forgivable Loan Calculation

11 A review of line # 5, showing the CMHC specified upper limits to qualify for the maximum forgivable loan prior to 1995 and the limit based on 60% of CNIT in 1995 and afterwards.

12 Prior to 1995, the maximum forgivable loan was reduced by $1 for every $2 the clients adjusted income was over the upper income level qualifying for maximum forgiveness, e.g., 1974 > $7 000 (Ln # 7) less $6 000 (Ln # 11) = $1 000 / 2 = $500 (Ln # 12), 1985 > $15 000 (Ln # 7) less $13 000 (Ln # 11) = $2 000 / 2 = $1 000 (Ln # 12). In 1995 and after, the households adjusted income as a percent of CNIT had to be determined, as shown for Families C and D.

14 The percentage shown on line # 13 is cross-referenced to a table in RRAP guidelines showing the related loan factors which when multiplied by the approved eligible mandatory repair costs (shown on line # 8) establishes the level of the potential forgivable loan shown on line # 16.

15 The potential forgivable loan for families A and B are based on the maximum forgivable loan (shown on line # 11) less the forgiveness reduction (shown on line # 12). For families C and D the potential forgivable loan is based on the calculation described in the previous note.

16 Prior to 1995, the level of the forgivable loan was the lesser of the potential forgivable loan (shown on line # 15) and the total eligible repair costs (shown on line # 10). After 1994, the forgivable loan was the lesser of the potential forgivable loan (shown on line # 15) and the maximum forgivable loan (shown on line # 11).

Repayable Loan Calculation

17 The maximum RRAP loan (as shown on line # 4).

18 The total loan required to cover mandatory and other eligible repair costs.

19 The amount of the forgivable loan (as shown on line # 16).

20 The repayable loan is the total loan (shown on line # 18) less the forgivable loan (shown in # 19). Mandatory repairs in excess of the maximum forgivable loan available must be covered by the owner. The delivery agent will determine the level of the repayable loan the household can afford.[35] The owner may reduce the repayable loan by providing cash or sweat equity.

As already noted, CNITs were not applicable under On-Reserve RRAP. In order to determine the applicable level of forgiveness for clients living on Reserves,

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out or traveling amounts of family head; capital gains such as insurance settlements, interest expenses; earnings of the working spouse, up to a specified amount, allowance for each dependent child, etc. These deduction changed over time.

[35] The total debt service (TDS) ratio was a guide to determining the applicant's ability to pay back any repayable loan portion involved in financing the rehabilitation. The ratio was calculated as the total of all annual payments pertaining to the property and those which represent fixed payments over time divided by the gross annual income. These payments included: mortgage principal and interest; property taxes; principal and interest for the repayable portion of the RRAP loan; principal and interest for other loans for the purchase, repair or improvement of the property; other shelter costs (utilities, insurance, etc.); and payments for car loans, personal loans, and installment purchases. A guideline TDS ratio of 40 percent was set to indicate the situation which might present too great a burden on the applicant. The agent reviewed the TDS ratio and also took into account the household situation in determining if the RRAP loan payments could be met within the household budget.

Forgiveness Income Limits (FILs) are established on an annual basis, based on the minimum household income required to carry the basic shelter cost of a new market quality house. As with CNIT, the maximum forgiveness is available when the household's income is 60 percent of FIL, and declines to zero when a household's income is at the FIL.

The formula for determining forgiveness assistance was and remains different under Rental and Rooming House RRAP and the rental component of RRAP for Persons with Disabilities, as compared to Homeowner RRAP. Under guidelines for Rental RRAP circulated in May 1976, the full amount of forgiveness for a self-contained unit ($3 750) was no longer available in its entirety ahead of the repayable portion of the loan and was to vary directly with the cost of rehabilitation. For example, only $2 500 per unit forgiveness was available for rehabilitation costs of $5 000 or less, rising to $3 750 per unit for rehabilitation costs between $9 001 and $10 000. In 1978, this formula was changed and within the maximum loan of $10 000 per self-contained unit, 50 percent of the first $5 000 could be forgiven, up to a maximum of $2 500.[36]

Appraisal viability tests were to be conducted on projects to ensure that CMHC loans were adequately secured and that post rehabilitation rents were below market rents, a practice which continued after the requirement for the private financing of repayable loans was introduced in April 1979.[37] Under the 1986 program, the actual amount of loan forgiveness for a given project depended on the relationship of the estimated post-rehabilitation rents to the average market rents (AMRs) in the area. This relationship was established by an Assistance Factor which determined the amount of loan forgiveness available, described in a chart provided by CMHC. Post-rehabiltation rents at 50 percent of AMRs, qualified for the maximum forgiveness for a self-contained unit ($12 000), at 100 percent of AMRs they qualified for 50 percent of the maximum forgiveness, and at 125 percent of AMRs they qualified for zero forgiveness.[38]

With the 1995 changes, 100 per cent of the cost of mandatory repairs or accessibility improvements, up to established loan maximums, could be covered by the forgivable loan for units occupied by tenants with incomes at or below the CNIT. In the case of rooming houses, the forgiveness assistance was available up to established maximums on bed units with rents below established levels for the market area. There were no repayable loans under Rental or Rooming House RRAP or the rental component of RRAP PWD.

Finally, it should be noted that eligible applicants were in some cases able to stack subsidies under several RRAP components. For example, homeowner and landlord clients receiving assistance under Homeowner and Rental RRAP, were also eligible

[36] See Appendix B, Figure B 2.
[37] CMHC, *New RRAP (P) - Rental (Urban)*, (Ottawa: GM B 1371, April 4, 1979).
[38] Canada, *A National Direction for Housing*, p. 21.

for additional RRAP PWD assistance to make accessibility improvements. Also, applicants under Homeowner RRAP were also eligible for assistance under HASI.

Maintaining Improvements Achieved Through RRAP

When RRAP was introduced in 1973 the NHA was amended to include clauses requiring municipal property maintenance and occupancy (M&O) standards acceptable to CMHC to be in place as a precondition for participation in the program. This was done for two reasons; first, to help reverse the decline in housing conditions in local areas and second, to help ensure that the gains achieved in a neighbourhood through concerted rehabilitation efforts were maintained in subsequent years. Such standards were also to provide criteria against which to measure the general physical quality of a neighbourhood's or community's housing.[39]

In support of this requirement, as noted in the previous section on RRAP Standards, guidelines to be used in reviewing municipal minimum property and maintenance standards were provided in the first program operating instructions circulated by CMHC after the program was announced.[40] These were prepared following a review of approximately a dozen municipal minimum property standards that were in place across Canada at the time. It was CMHC's hope that the guidelines would be followed by other municipalities in the preparation of their own by-laws, not only to foster national consistency but also to better ensure a consistent approach to what constituted eligible work for RRAP assistance, until RRAP Standards were available for this purpose.[41]

After its initial efforts to promote the development of M&O by-laws, CMHC retained a relatively low profile regarding them in the belief that they were new to many, if not most, communities and needed time to evolve. By the late 1970s, however, there was growing concern about the lack of progress in meeting their requirements. The 1979 NIP Evaluation reported that the enforcement of M&O by-laws had generally been poor and most municipalities had adopted them only because they were required.[42] A number of the briefs to the 1981 CAHRO/CMHC Task Force also noted a lack of by-law enforcement and others suggested the need for guidance in maintaining houses that have been rehabilitated. The Task Force recommended that municipalities be urged to take a more active role in maintenance and occupancy by-law enforcement, in order to maintain the RRAP investment and to protect the municipal assessment base.[43]

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[39] CMHC, *Residential Rehabilitation and Conversion Assistance Program* (Ottawa: GM B 775 August 16, 1973), p. 5.

[40] CMHC, *Guidelines to be used in reviewing municipal minimum property and maintenance standards* (Ottawa: GM B 775 August 16, 1973), Attached.

[41] CMHC, *Occupancy and Building Maintenance Standards* (Ottawa: GM B 804 December 17, 1973), p. 2.

[42] CMHC, *Evaluation of the Neighbourhood Improvement Program*, (Ottawa: Neighbourhood and Residential Improvement Division, April 1979), p. 48.

[43] CMHC, *Report on the Residential Rehabilitation Assistance Program: Joint CAHRO/CMHC Task force on RRAP*, (Ottawa: CMHC, May 15, 1981), p. 26.

In response to these concerns, CMHC undertook two investigations in the early 1980s of successful M&O experience in Canada and the role of the provinces in supporting M&O by-laws. It was hoped that the report of the first would encourage both hesitant and more experienced municipalities by demonstrating the feasibility of sensitive by-law administration as opposed to enforcement, and by providing insights into innovations and approaches used in other places.[44] Based on a review of provincial interest and support, the second investigation concluded that great opportunities existed for promoting an acceptable level of maintenance through means other than simply offering subsidies. In support of this, the report from the review recommended a comprehensive municipal housing conservation strategies including rehabilitation financing assistance and M&O by-law administration along with the provision of encouragement and advice to property owners.[45]

Notwithstanding the concerns noted earlier, the growth in the number of municipalities with M&O by-laws increased significantly after RRAP was introduced and CMHC's efforts to encourage good practices may have helped to improve their administration. CMHC's Rehabilitation Skills Training Courses were open to and were accessed by many people working on the technical side of M&O by-laws in municipalities, who might coincidentally have been involved in RRAP delivery, but not necessarily so.

The 1986 RRAP evaluation explored the link between the implementation of M&O by-laws by urban municipalities and the requirement for such by-laws as a condition for participation in the program. It noted that the effective administration of a M&O program did not automatically follow from the adoption of a M&O by-law or the participation of the municipality in RRAP. The evaluation suggested that the key factors related to the success of M&O program appeared to be strong political support, interdepartmental cooperation and an emphasis on out-of-court compliance techniques. The availability of financial assistance to property owners through RRAP, did not appear to be a major factor as the majority of compliance activity occurred through private rehabilitation that had grown significantly over the same period as RRAP. Assistance programs, the evaluation suggested, however, did appear to be significant contributors of information, both through their inspection and advice functions, but the link between RRAP and successful M&O program operation was not been clearly demonstrated.[46]

RRAP program officials from the era were not convinced by the findings of the Evaluation questioning the link between RRAP and successful M&O Bylaws implementation. They noted that there were strong links between CMHC RRAP staff and the members of groups like OAPSO (Ontario Association of Property Standards

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[44] CMHC, *A Profile of Successful Maintenance and Occupancy Experience in Canada: Executive Summary* (Ottawa: Residential Improvement Division, July 1982), p. iv.

[45] CMHC, *The Provinces and Property Maintenance By-laws: A Review of Provincial Enabling Legislation, Policies and Activities, Executive Summary*, (Ottawa, Neighbourhood and Residential Improvement Division, 1984?), p. xvi.

[46] CMHC, *Residential Rehabilitation Assistance Program Evaluation*, 1986, p. 124.

Officers) who were inspecting homes for RRAP and were also responsible for bylaw enforcement. The availability of rental RRAP to small landlords brought to the fore occupancy issues like illegal suites and fire safety in small rooming houses and forced municipalities to more openly recognize and address these problems.

While questions remained about the influence RRAP had on the introduction and administration of M&O by-laws, the evaluation also reported that dwellings repaired through RRAP were generally being well maintained both in the short and longer term after the repair work was completed.[47] It would therefore appear that RRAP's objective related to maintaining the gains attained through concerted rehabilitation efforts was achieved.

The need for local M&O by-laws to be in place as a precondition for the delivery of RRAP remained a feature of the program in urban areas throughout the post-1986 period, although no particular initiatives were taken to foster more effective administration by local municipalities. The specific clauses pertaining to M&O standard by-laws were removed from the NHA in the 1999 amendments. It could well be argued that CMHC's early leadership encourage provinces and municipalities to adopt appropriate by-laws, legislation and standards on housing standards, and that widespread adoption meant this no longer needed to be a RRAP priority.

Summary

This chapter reviewed the three key elements of the design of RRAP including the eligibility criteria for participating in the program, the application of RRAP Standards to ensure only eligible repairs qualified for program funding and the benefits available in the form of forgivable and repayable loans. Continuing progress was made in expanding program eligibility criteria to serve new clients, locations and needs, as well as improve targeting to better account for household size and location. The types of repairs and improvements eligible for program funding were described in RRAP Standards, which were constantly being updated and improved. While forgivable and repayable loans remained the prime vehicles for providing financial assistance to cover the cost of needed repairs, the ways of establishing benefits were enhanced to improve targeting and the amounts available were increased from time to time in response to inflationary and locational factors and to better ensure needed repairs could be completed. Early efforts to encourage municipalities to adopt maintenance and occupancy standards were successful and likely helped to ensure that RRAP and other properties were maintained in good condition.

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[47] CMHC, *Residential Rehabilitation Assistance Program Evaluation,* 1986, p. 116.

Chapter 6

Program Management

A large national program requires a whole system of structures, functions and activities which to ensure effectiveness, responsiveness and overall success. This chapter provides a "behind the scenes" view of the internal workings of RRAP through a review of the functions, structures and activities associated with its management. The content covers: i) management functions; ii) resource allocation; iii) loan delivery; iv) delivery and management costs; v) loans administration; and vi) accountability.

Program Management Functions

Shortly after RRAP, NIP and the other social housing programs were introduced in 1973, CMHC adopted a structure at it's National office and within its field offices to reflect a new emphasis on program management and decentralized decision making. National office responsibilities for program management covered the design and improvement of programs, resource allocation, accounting and activities associated with effective delivery, such as the development of program guidelines and appropriate reference information, the provision of functional guidance and training to field staff, program policy development and trouble shooting, as required. While one responsibility centre at National Office was always identified to provide functional leadership for RRAP, many others contributed directly or indirectly to the development and operation of the program in areas related to policy, research, communications, standards, finance, administration, audit, evaluation, issues management and information technology.

Throughout the 1973-1985 period, actual program delivery was a field-office responsibility. Local CMHC offices, with line authority through their managers to the President, had the authority to approve RRAP loans proposed by municipal or other program delivery agents or by their own staff, working directly with homeowner and landlord clients.

The program management structure changed significantly in 1986 when RRAP became one of a package of social housing programs that could be delivered and managed by provinces and territories under the terms of new federal/provincial/territorial (F/P/T) Global and Operating agreements. These new agreements established joint bilateral structures for program management covering: planning, monitoring, reporting, and accountability. In the mid 1990s, when RRAP became one of a package of renovation programs, opportunities for provinces and territories to deliver and manage program resources continued, within the terms of new more flexible agreements.

CMHC's differentiation of national and field responsibilities for program delivery remained much the same as before in jurisdictions where it delivered RRAP during the post 1985 period. In jurisdictions where a province or territory assumed responsibility for delivery and management of RRAP, CMHC's field offices assumed a planning and monitoring role.

Allocating Program Resources

Each year CMHC submits requests to the federal government as part of the Main Estimates process for capital and operating funds to support active programs. Following approval, the funds authorized are allocated to support program activity across the country in accord with approved plans.

In the early years of Urban RRAP, the annual budget was allocated on a demand basis due to the absence of a useful repair needs database, the inability of many delivery agents to adequately deliver the program and because of the lead time needed to get NIP areas up and running. Demand was also the driving force for the allocation of Rural RRAP. In this regard, RRAP was a key component of the government's five-year target of 50,000 new and rehabilitated units for the Rural and Native Housing (RNH) program in 1974, which resulted in a distribution of program resources in subsequent years favouring the rural program.[48] This caused a slowing up of the progress being made in implementing NIP, which was dependent on RRAP for its overall success in urban areas.

Concurrent with the new instructions governing area designations after NIP ended in 1978, CMHC expressed its intention to develop a set of need indicators based on the Census and other objective data to support an index ranking of individual urban municipalities. Basic elements to be included were: number of dwellings, incomes, number of dwellings with deficiencies and crowding. It was intended that each year CMHC would then be able to develop a priority listing of municipalities eligible for rehabilitation area designations, taking into account available funds. Policies to formally introduce this new approach, which was referred to as the Capital Budget Control Plan, were approved in 1980 for implementation in 1981 and subsequent years.[49]

The Capital Budget Control Plan provided guidelines and criteria for allocating Urban RRAP assistance between the provinces and to designated new municipalities and new areas within municipalities participating in the program. It was also a tool to better ensure the RRAP capital budget was fully committed each year. In rural areas, the allocation process was not subject to a formal control plan and budgets were generally allocated on the basis of past activity.[50]

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[48] CMHC, *Residential Rehabilitation Assistance Program Evaluation,* 1986, p. 148.
[49] CMHC, *Residential Rehabilitation Assistance Program* (Ottawa: GM B 1279, May 12, 1978), p. 6.
[50] CMHC, *Residential Rehabilitation Assistance Program Evaluation,* 1986, p. 148.

With the introduction of the new directions for social housing in 1986, the provinces and territories were to be allocated annual program budget sufficient to finance their core-need-based share of the number of units expected to be produced nationally under each social housing program. For RRAP, this meant that the allocation had to take into account the proportion of core need households with an adequacy problem and the average forgiveness likely to be required for each loan committed. As a cost-control measure, the funds allocated to each program reflected the estimated one and five year, and lifetime costs associated with each unit of housing expected to be built, rehabilitated or otherwise assisted under each program. Provinces could reallocate these funds between programs in their jurisdiction, if one and five year, and lifetime based cost caps were respected.

While the principles governing the needs-based allocations were generally acceptable, their implementation created many challenges. Without going into the details, these were usually related to achieving mutual agreement between CMHC and its provincial counterparts in areas related to the reliability and timeliness of core need data on a national, regional and provincial basis. Ways also had to be found to ease the transition when a jurisdiction had to adjust to a lower needs-based allocation. Notwithstanding the difficulties encountered, the core-need based allocation models introduced in the mid 1980s, with appropriate updates, continue to be used for the distribution of RRAP budgets to the provinces and territories. These were mainly based on core housing need data, adjusted for cost. The allocations of resources under other program elements were generally based on HIFE or Census population data, depending on availability. The provincial On-Reserve allocation for RRAP was determined by the federal Department of Indian Affairs and Northern Development.

Because of its popularity, requests for RRAP assistance generally exceeded the available budgets each year over the history of the program. If budgets could not be taken up in one area or jurisdiction, resources could be reallocated elsewhere to meet outstanding demand.

Program Delivery

The best known feature of RRAP from the perspective of program clients and those involved in making rehabilitation loans was the program delivery system. This was also one of the most critical areas contributing to the overall success of the program. The purpose of this part of the history, therefore, is to describe federal/provincial/territorial arrangements for the delivery of RRAP, including the municipal role, and explain how loans were delivered, as background to reports on client satisfaction, the efficiency of the process, and measures taken by CMHC to ensure quality delivery. Factors related to the compensation paid to delivery agents will also be reviewed.

Delivery Arrangements

From the beginning of the program, RRAP has been delivered through a variety of administration arrangements. Particularly in the early years, CMHC Branch Offices located across Canada played a "hands-on" role in getting the program underway, and encouraging and supporting the participation of others. In the pre 1986 period, mostly municipalities and a few provinces chose to be agents for the delivery of homeowner and rental components along with NIP in urban areas, and continued to do so after NIP terminated. In rural areas, RRAP was delivered by a various types of agents including non-profit organizations, regional and municipal governments, private firms and qualified individuals. Where warranted, Native organizations took an active role in RRAP delivery in rural areas and On-Reserve. CMHC also delivered the program where low volumes or remote locations did not warrant separate arrangements. In some cases, delivery responsibilities were split with CMHC doing inspections and local agents doing the other delivery work. CMHC staff directly delivered all non-profit loans and loans to persons with disabilities for accessibility modifications.

Following the new program directions in 1986 and subsequent program changes in the mid 1990s, provinces and territories were invited to enter into agreements with CMHC to take "active party" responsibility for RRAP delivery and administration. As active parties, they had the option of directly delivering the program themselves, through local agents or to use other arrangements of their choice. The local agent network continued to be used by CMHC where it was the active party. In the year 2000, there were approximately 70 RRAP Agents working for CMHC in provinces where F/P agreements for RRAP had not been formalized, e.g., Prince Edward Island, Ontario, Alberta and British Columbia.

Loan Delivery Process

Many RRAP clients, particularly individual homeowners, had little if any experience with the rehabilitation process and the management of contracts. Without access to useful information and timely support throughout the loan delivery process, it is likely that many would have encountered difficulty and been dissatisfied with the process and its results.

A process was developed in the early days of RRAP that over the years has become the standard for delivering quality service to program clients by delivery agents and CMHC. This process was formally described in a small information booklet prepared by CMHC in the 1980s for new clients, titled "You've applied for a RRAP Loan - What Next".[51] The publication outlined what steps were involved in completing a RRAP application, what the applicant was responsible for, when to expect assistance from a RRAP agent or inspector, and generally how to get home repairs completed successfully. The account in this short booklet, which was one of many documents produced over the years in support of the RRAP delivery process,

[51] CMHC, *You've applied for a RRAP Loan. What Next* (Ottawa: CMHC, 1980s).

is presented in Appendix A, along with a parallel description of the loan delivery process from the perspective of RRAP delivery agents and inspectors, as initially reported in the 1986 RRAP evaluation.[52] The client perspective is most applicable to Homeowner and On-Reserve RRAP. The delivery agent perspective covers both Homeowner and Rental RRAP. The processes described, however, are considered generic and also applicable to On-Reserve RRAP and RRAP for Persons with Disabilities. Where appropriate, program details have been updated in the presentation. Variations on these approaches may have been used where provinces and territories were delivering the program.

Local agents performed the functions specified in formal agreements with CMHC, based on the agents capacity. This involved working directly with the applicants from the time of an initial contact and providing the required documentation to CMHC at the time of a loan commitment. In some cases, agreements provided that agents perform post-loan approval activities, such as inspections of completed work and resolution of late payment issues. Most other administration functions were the responsibility of CMHC.

Client Satisfaction

Both the 1979 and 1986 RRAP evaluations reported high levels of client satisfaction with the helpfulness of the RRAP agents and inspectors, and with the speed of the application process. The first evaluation also reported high levels of client satisfaction with the repair work that was done[53] and the second went further and reported high levels of satisfaction with the quality of workmanship, the quality of materials and the economic value of the work.[54]

Client feedback on the program has been received in several other ways. Regular on-site monitoring inspections by CMHC staff to assess the quality of the repair work completed under the program offered clients an opportunity to indicate if they had any particular problems. Cyclical delivery agent operational reviews conducted by CMHC program staff offered an opportunity for a sample of client files, including client assessments of the agent, to be reviewed to identify problem areas, and even permitted agent/client interviews to be observed. Finally, clients often contact CMHC offices, the Minister responsible for CMHC or their Members of Parliament about RRAP. Together, these measures have provided feedback on the program and alert CMHC about areas where policy and administrative improvements may be required.

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[52] CMHC, *Residential Rehabilitation Assistance Program Evaluation*, 1986, pp. 21-25.
[53] CMHC, *An Evaluation of RRAP*, December 1979, pp. 38, 53.
[54] CMHC, *Residential Rehabilitation Assistance Program Evaluation*, 1986, p. 107.

Efficiency of Loan Delivery

Over the years, efforts have been made to simplify, reduce and automate aspects of the basic RRAP delivery process in order to improve their efficiency and reduce costs. Initiatives in the 1980s included the introduction of and modifications to CMHC's program data management system called PDS (Program Delivery System), which in addition to capturing basic program data provided automated forms generation and an Automated Work Description System (AWDS), which was primarily a tool for inspectors preparing RRAP work specifications. Further initiatives in this area took place in 1991 when a special group was formed within CMHC to study and identify opportunities to simplify the RRAP business and delivery processes. The work resulted in the simplification of the loan application process, loan advancing and inspections, as well as providing more administrative autonomy to agents with good "track" records. The automation of key delivery functions, including prescreening of applications, loan advancing and agency fee payments were other key aspect of simplification.

On occasion, alternative RRAP delivery systems were also explored. The most notable was the Batch Rehabilitation Research Project undertaken by CMHC in Atlantic Canada in the early 1980s. Batch rehabilitation meant the simultaneous rehabilitation of a number of owner-occupied homes in urban centres. Unlike conventional RRAP, each batch rehabilitation project would use a single contractor for rehabilitating all houses in the project. The assessment of the concept, involving interviews with contractors and RRAP delivery agents, concluded that the potential cost savings were limited and appeared to depend on a systems approach concentrating on common repairs. It was felt that its market potential and legal implications required further study. The study concluded that the main benefits of batch rehabilitation was its potential to increase housing market activity in specific areas. However, its attractiveness to homeowners, contractors and delivery agents remained uncertain.[55] There were no further reports of efforts to test the feasibility of the concept in Atlantic Canada or in other areas of the country.

Other opportunities to simplify and reduce the work involved in loan delivery were proposed and considered. Concerns remained, however, that a less rigorous approach could result in less emphasis being given to the repair and improvement of health and safety items and other improvements to extend a dwellings useful life to 15 years, as resources might be retargeted to cosmetic or nonessential improvements. Giving less support and assistance in the delivery process could also result in some potential clients being fearful about getting involved in the program or others who might get involved running into difficulty.

Delivery System Support

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[55] CMHC, *Procedures for Batch Rehabilitation in Atlantic Canada* (Ottawa: Gardner Pinfold Consulting Economists Limited, October 1984), p. 1.

CMHC was very aware that the success of RRAP was dependent on having competent local delivery agents, not only with strong technical (primarily related to housing inspections and work specifications) and administrative skills but also substantive knowledge about the RRAP program specifically and the field of housing rehabilitation generally. To this end, and without in any way diminishing the major contributions made by municipalities and others to the success of RRAP, CMHC made significant efforts from the start to provide relevant and useful information to municipalities and other agents, renovators and clients.

CMHC's first directive on RRAP contained model guidelines for municipal residential maintenance and occupancy standards or bylaws. These not only supported local efforts to improve and maintain the quality of the existing housing stock and fostered the development of the municipal role in building inspections, but also served as a guide to the type of work that could be undertaken with RRAP. RRAP Standards were subsequently introduced to provide more specific instructions pertaining to RRAP work.

Shortly after RRAP was introduced in 1973, CMHC issued instructions on loan processing procedures. It was intended that they would apply where CMHC was delivering the program and be helpful to local delivery agents in developing their own operating frameworks. These were later incorporated into Program Delivery Handbooks in loose leaf binders for both the urban and rural programs.

In addition to preparing the delivery handbooks noted above, many other initiatives were undertaken to provide useful support for program delivery. These included:

- publishing a series of booklets in 1990 targeted to small contractors and renovators that provided counsel on specific problem areas in residential construction and rehabilitation and advice in areas related to client/agent relations, cost estimating, and legal issues;
- developing useful tools to support the work of delivery agents; e.g., model agent agreements; guidelines for RRAP inspectors; model RRAP specification forms and inspection files; a Master Work Item List to assist in producing clear and consistent RRAP specifications; and advising on the availability of an automated specification writing system;
- preparing and widely distributing a booklets like "You've Applied for a RRAP Loan - What Next?" and "How to Hire a Contractor" which were applicable, not only to all RRAP clients but also to households receiving renovation assistance under other programs, or contracting renovations with their own resources.
- producing and circulating quality information relevant to housing rehabilitation, e.g. Building Standards for the Handicapped, Housing the Handicapped, A New Life for an Old House, Eligible Modifications for the Disabled and Removing Lead Based Paints;

- supporting extensive research related to rehabilitation and renovation;[56]
- supporting training for RRAP agents and inspectors, as well as for renovators; e.g., the establishment of the Rehabilitation Skills Training Centre which developed, delivered and promoted quality training, which continues to have an influence in Canada;
- offering agents and inspectors opportunities to participate in regular regional workshops with peers and CMHC officials;
- introducing RRAP Advices to convey important information about program changes in a timely fashion;
- soliciting and respecting the advice of agents in problem solving and policy development processes, e.g., direct representation on Joint Task Force and a chance to participate in national consultations; and
- providing sustaining and later project support to the Canadian Housing Renewal Association, in part to provide a coordinated voice for delivery agents and others wanting to research and advocate for program design and delivery improvements.

On some occasions, more directive action was taken by CMHC to foster improvements in the agent delivery system. In September 1990, minimum technical qualifications for delivery agents were introduced to ensure that inspection staff had the knowledge and skills required to carry out the technical/inspection functions of RRAP delivery and in 1992, criteria for operational reviews of delivery agents were set out in support of the RRAP accountability system.

Delivery Fees

RRAP agents are paid a fee by CMHC for delivery, or partial delivery, of RRAP loans. Initially the fee was based on a specified amount per unit, for homeowners loans and for the first unit of a rental loan, with an additional amount for each unit in excess of one, where the loan covered more than one unit in the same building. The fee also took into account the various steps in the delivery process performed by the agent as set out in its agency agreement with CMHC. For the first decade of RRAP, the standard agency fee in rural areas was the same as that provided through the urban program, although it was understood that higher fee could be provided where additional costs, primarily travel, were incurred. Agent fees were increased periodically during the 1970s.

The method for determining the levels of the fees paid to provincial/territorial active parties and to RRAP delivery agents is beyond the scope of this history. It is sufficient to note that by the 1980s they took into account the volume of work, as measured by the number of units/beds committed in a specified period of time, the type and estimated amount of work associated with each commitment and

[56] Appendix E lists the research reports and other publications currently available from CMHC dealing with housing renovation and rehabilitation.

reasonable costs for the personnel involved. Prior to 1986, fees were paid to delivery agents for their work with clients whose application for RRAP never resulted in a commitment. This approach, however, lost favor when some agents were getting paid almost as much or more for work on units that did not result in approved applications than for work resulting in firm commitments. As a consequence, under the 1986 program, fees were only paid on the basis of work leading to successful commitments. These fees, however, included a reasonable allowance to cover the cost of the work an agent would also have to undertake on unsuccessful applications. Over time the fees have been updated to take account of program changes, increased automation, travel times and inflation.

An analysis conducted as part of the RRAP evaluation published in 1986 indicated that substantial variation existed in the costs incurred in delivering a RRAP loan due to the amount of time spent per loan, transportation and salary costs, and the number of loans delivered.[57] Based on this analysis, in August 1985 RRAP delivery agents were advised of increases to delivery fees which had not increased since 1980. The new fee schedule was sensitive for the first time to four factors: first, whether the house to be visited was accessible by road; second, the distance to be traveled to the house; third, the number of units or hostel beds included in the loan; and fourth, the number of delivery functions to be carried out.

The fee schedule was updated, to reflect both inflationary increases in costs and efficiency improvements, again in 1988 and annually thereafter until 1993 when the federal government announced a salary freeze. In fiscal year 1998/99 they were again increased.

RRAP Delivery and Management Costs

Reports on RRAP expenditures usually cover "output" costs associated with the capital and subsidy committed to repair or improve a specified number of housing units or beds each year. This section will take a look at a different program cost component, which covers "inputs" or the costs incurred directly and indirectly by CMHC in delivering the units and beds committed.

Total annual RRAP delivery costs include salaries and fringe benefits for CMHC staff directly and indirectly involved in program delivery, as determined by a time reporting system, plus program delivery expenses related to their training, travel, computers, etc. In addition, these costs include a share of CMHC's management time, and the services provided to support RRAP delivery by other sectors and divisions (e.g., legal, human resource, financial, administration and information technology).

Program input costs also include CMHC's agreed share of the fees paid to the provinces and territories functioning as the active party for RRAP delivery and

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[57] CMHC, *Residential Rehabilitation Assistance Program Evaluation*, 1986, p. 245.

administration, and CMHC's share of fees paid directly or through provinces and territories to their local RRAP delivery agents.

The table in Figure 17 shows, by RRAP program component and averaged annually over the four fiscal year periods from 1996/1997 to 1999/2000: the number of RRAP units/beds committed, the total program cost (including both assistance committed in the form of forgivable loans and delivery costs), and the total cost of delivery. The two columns on the right show the delivery cost per unit/bed and delivery costs as a percent of the total program cost. The five year average program and delivery costs by program could not be calculated because data were not available on the amount of forgiveness committed in fiscal 1995/96.

Figure 17
RRAP Delivery Costs

RRAP Component	Four Year Average Annual (1996/1997 - 1999/2000)				
	Units/Beds Committed	Total RRAP Cost $	Delivery Cost $	Delivery Cost $ Per Unit/Bed	Delivery Cost As % of Total RRAP Cost
Homeowner	5,864	40,610,898	4,385,898	748	11%
On-Reserve	899	9,209,078	1,384,078	1,539	15%
Rental/RH	2,910	14,654,911	979,911	337	7%
Disabled	851	5,967,994	942,994	1,109	16%
Total	10,523	70,442,880	7,692,880	731	11%

Sources - See Appendix D, Table D.3
Delivery Costs - CMHC, Financial Planning Division
Units/beds committed and Forgiveness Costs - CMHC Renovation Reports

The average annual cost of delivering a unit/bed under all RRAP components over the four year ending March 31, 1999, was $731, an amount representing about 11 percent annually of the average total Federal Government funding committed on the program (including forgiveness and delivery/administration costs). Overhead costs at this level are not considered unreasonable given the amount of time and work involved in delivering a large number of relatively small loans to homeowner and landlord clients through a disbursed delivery system across the country. The lowest cost component to deliver was Rental/Rooming House RRAP at $337 per unit/bed, which represented 7 percent of the average annual cost of this component. This would seem reasonable as Rental/Rooming House RRAP usually involves multiple unit commitments in single buildings located in large urban areas where program delivery staff are close at hand. Homeowner RRAP delivery costs averaging $748 per unit were slightly more than twice as costly to deliver as Rental RRAP and represented 11 percent of the total funding committed to this component. These higher delivery costs reflect the fact that Homeowner RRAP had to be delivered to households living in detached dwellings in large and small urban areas, as well as rural and remote locations. On a per unit basis,

On-Reserve RRAP was the most costly to deliver at $1 539 per unit, reflecting program delivery to many clients living in disbursed rural and remote locations. As a percent of total program cost, RRAP PWD at 16 percent was proportionally the most costly to deliver. This is thought to reflect the fact that clients needed a considerable amount of assistance from delivery staff in spite of the fact that the amount of forgiveness approved on average was lower than under Homeowner RRAP.

RRAP Loans Administration and Default Management

RRAP loans, covering both the repayable and forgivable portions, depending on their size and location are secured by promissory notes or mortgages. The repayable portion must generally be repaid over 20 years, with the forgiveness portion being earned over a specified time, generally five years for homeowners, and from eight to fifteen years for landlords. The interest rates charged were based on CMHC RRAP lending rates at the time the loans were taken out. All repayable loans, whether secured by promissory notes or mortgages can be repaid at any time without penalty. Promissory notes were generally used for smaller loans and for loans in areas where it was not possible to get secure title on the land. Mortgages, which provided added security to the loan for CMHC, did not require verification of title and could have the first, second or the third claim on the property, measures that made borrowing much easier for program clients.

Key RRAP loan administration functions, some of which were automated, include:

• Remittance processing - CMHC prefers repayments being made through preauthorized withdrawals from borrowers bank account. • Payment control administration • Prepayments • Payment in full/discharge • Annual statements of account - provided to borrowers • Monitor earnings of forgiveness • Property tax administration - only in cases of loan default, otherwise, owner pays municipal property taxes. • Enforcement of security	• Partial discharges - CMHC will consider changes to the loan security description to permit road, hydro line, sewer, etc. easements. • Change of ownership or sale of projects - CMHC is to be advised and can choose to require full repayment or to transfer the loan to the new owner. • Postponements - CMHC will consider postponing its loan security from a first to a second, or a second to a third position if warranted by the circumstances. • Release of covenants/caveats • Bad debts and judgment collections

In September 1999, it was estimated that approximately 10 person years were devoted to the administration of repayable and forgivable RRAP loans within CMHC, including both National Office and Regional Business Centres responsible for mortgage administration.[58]

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[58] Based on a note to Dale Falkenhagen from Claude Hotte, Manager, Default Management, Assisted Housing Division at CMHC, December 7, 2000.

The table in Figure 18 compares the number and amount of RRAP repayable loans (all components) with the number and amount of loans in arrears in 1998, 1999 and 2000.

Figure 18
Status of RRAP Loans Under Administration
1998, 1999, 2000

Report Date	Repayable Loans		Arrears		Arrears as % of	
	Number	$ Amount.	Number	$ Amt.	Loans	Loan Amt.
06/1998	36,764	27,018,326	811	141,812	2.21%	0.52%
03/1999	25,319	23,451,009	537	149,463	2.12%	0.64%
03/2000	21,747	19,271,827	515	75,980	2.37%	0.39%

Source - CMHC 's Renovation Programs: 1999/00 Fiscal Year Activity Reports

Overall, less than three percent of repayable loans have been in arrears since mid 1998, representing less than one percent of the amount of the repayable loans outstanding. Substantial progress has been made since mid 1998 in reducing the number and amount of the repayable loans in arrears (296 loans amounting to $65 832).

CMHC policy in the period referred to in the above table required that RRAP loans in arrears beyond six months be deemed uncollectible or in default and be referred to the CMHC National Recovery Centre for further recovery action. In the event of default, any forgiveness-benefits the borrower may have been entitled to through a RRAP loan agreement would normally be forfeited; and at the option of CMHC, the full amount of the loan (less any payments made to the date of termination) became due and payable, together with interest accruing, from the date of default. Default situations exists when:

- any statement made by the borrower in the application for a loan were known by him/her to be false at the time of the application;
- any installment of principal and interest remains unpaid for 30 days after the date due;
- the loan was used, in part or whole, for purposes other than financing the rehabilitation work as stated in the loan commitment;
- failure to provide adequate security, in compliance with the Act, and to pay for the preparation and registering of the security;
- failure to maintain the property in good repair at all times during the period of loan repayment;
- failure of the homeowner to continue to own and, occupy the property for which the loan was made until the forgiveness portion of the loan was earned in full. There were four exceptions to the continued occupancy requirement for a homeowner:
  - the death of the principal wage owner;
  - a job transfer causing a change in location;
  - rental of the property following approval by the Corporation; and

- serious illness of the principal wage earner.

As of September 30, 2000, a total of 1 994 loans, valued at approximately $18.0 million, applicable to the current and earlier RRAP programs, were being pursued for recovery.

Accountability

Like most other aspects of program management, the approaches used to ensure program accountability changed and evolved over the years. Such changes were often driven by reports and concerns emanating from the Office of the Auditor General of Canada and by guidelines issued from time-to-time by the Controller General of Canada. They also reflected new directions in the way programs were delivered, particularly when other orders of government were involved. While the parameters to ensure accountability were generally applicable to all social housing programs, the following discussion tries to focus on the aspects which were most pertinent to RRAP

Over the period from 1973 to 1985 when RRAP was a unilateral federal program, the accountability structure was reasonably straight forward. Systems and practices were introduced by CMHC to support effective and efficient program planning, delivery and administration. Three dedicated systems were also put in place to ensure accountability: audits, operations reviews and program evaluations.

Audits provided assurance to CMHC's management about the effectiveness and efficiency of program operations and controls. Three types of audits were conducted that covered elements of RRAP. First, program expenditures were subject to annual financial audits carried out by CMHC's internal audit staff. Second, all offices were subject to responsibility centre audits on a three year cycle for larger offices and a three to five year cycle for smaller offices. These audits covered all branch office operations, including the administration of RRAP loans and forgiveness wherever the program was being actively delivered. Third, comprehensive or functional audits, which focused on specific programs such as RRAP or functions such as mortgage administration, were generally conducted on a four or five year cycle. A comprehensive RRAP audit would cover program planning and monitoring, program delivery and, to a lesser extent, loans administration. Detailed functional audits of mortgage administration also included a RRAP component.

Operational reviews were less rigorous assessments of program operations in field or agent offices, which were usually conducted by more senior and experienced program staff. Three examples of operational reviews are provided. First, a system involving RRAP monitoring inspections and reporting was introduced in 1977 to ensure that an acceptable quality of work was being achieved in compliance with RRAP Standards and that only eligible work was being funded. These required CMHC inspectors to visit a specified number of completed homeowner and landlord units, chosen at random, and complete a comprehensive monitoring report each quarter. Reports on these

inspections were carefully reviewed at other levels within CMHC and action to resolve identified problems was carefully monitored.[59] Second, in the late 1970s and early 1980s, CMHC Regional Offices started to conduct annual operational reviews of program, including RRAP, delivery practices in local field offices. Their purpose was to ensure consistency in program delivery and assurance that approved program policies, procedures and reporting practices were being followed. Reports on these reviews were provided to Branch and Regional Management to support regional monitoring efforts. Third, formal criteria for RRAP agent operational reviews were introduced in 1992, although CMHC staff had conducted such reviews for some time before this. Reviews were to take place at least every three years and focused on the level of service and counseling provided to clients, adherence to program policies, accuracy of loan calculations, completeness of loan documentation and monitoring systems in place. These reviews also provided an opportunity to identify innovative, efficient and cost-effective practices that could be passed on to others. CMHC staff debriefed delivery agents on the results of their reviews and agreed on action plans to address problem areas were closely monitored.[60]

Program evaluations were to be conducted on a 10 to 15 year cycle. These offered an opportunity to reassess the program's rationale as well as measure the achievement of objectives and assess the program's intended and unintended impacts and effects. Some evaluations also examined the role of specific program design features in the performance of the program and on the basis of the findings recommend alternative design and delivery systems to enhance effectiveness and efficiency. RRAP has been the subject of two formal evaluations. The first, completed in 1979 by an outside consultant, focused only on Urban RRAP and the views of homeowner and landlord clients and delivery agents on the program's delivery and design. The second RRAP evaluation published in 1986 by CMHC's Program Evaluation Division was much more comprehensive and assessed the performance of the program from the time it was introduced in 1973 and examined a wide range of issues related to its rationale, objective, impacts and effects. Its comprehensive findings and analysis had a powerful influence on the new directions for social housing announced in late 1985. The third evaluation of RRAP is getting underway at the time of writing and will be available in 2002.

When the new social housing program directions were introduced in 1986, the federal and provincial/territorial governments agreed to reduce duplication of service by assigning responsibility for program delivery and administration to only one party. This assignment in responsibility, however, did not involve any assignment of accountability. Both parties remained answerable to their respective legislatures in terms of the program's mandate, effectiveness and financial accountability as if each was still directly delivering the programs. The need to eliminate duplication of effort within this context required a clear understanding of the roles and responsibility of federal officials in the management of federal contributions.

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[59] CMHC, *RRAP Monitoring* (Ottawa: GM B 1177 June 9, 1977).

[60] CMHC, *Operational Reviews of Delivery Agents* (Ottawa: RRAP Advice 92-060, August 3, 1992).

The overall accountability framework for the post 1985 social housing programs, where responsibility for delivery and administration was to be transferred, was outlined in federal/provincial and territorial (F/P/T) Global and Operating Agreements. These described the terms and conditions for the F/P/T partnerships, the various programs to be covered by the agreements and the cost sharing ratio between the parties. While assigning responsibility to the active party for making commitments and incurring expenditures, the parties also agreed to a framework that was to ensure and demonstrate accountability to their respective governments.[61] The key components of this framework included: joint program planning and monitoring; annual three-year plans outlining delivery and administration strategies and planned commitment and expenditure levels; regular reporting of commitments and expenditures; program audits and joint operational audits; and program evaluations. In addition, regular multilateral meetings of F/P/T housing ministers and officials were held to address common issues and concerns related to the new arrangements. Performance requirements in all these and other areas covered by the post 1985 Global and Operating agreements were summarized and reported in a Social Housing Annual Review published by CMHC during the active period of the agreements.

The audit framework governing the 1986 F/P/T program arrangements was strengthened through the introduction of program level audits and joint operational audits. Program audits were to be conducted annually on the statement of expenditures for the program for the previous year. The auditor was to be acceptable to both CMHC and the province/territory and was to conduct the audit in accordance with Generally Accepted Auditing Standards. The auditor was also to express an opinion on whether the expenditures were incurred in accordance with the financial terms and conditions of the Operating Agreement and program guidelines, and provide assurance that eligible costs had been correctly split between the federal and provincial/territorial parties. Joint operational audits, to be conducted on a cycle of about every five years, were introduced to assess the overall efficiency and effectiveness of the management practices in place to deliver and administer the programs and to assess overall compliance with agreements and guidelines. These audits were conducted jointly with representation from both CMHC and provincial housing agencies. Their focus was much broader than the annual program audits, which focus on the accuracy, completeness and eligibility of expenditures in financial terms only. The joint operational audits went beyond this and examined the planning and commitment process and other program related functions key to the delivery and administration of the program. The findings and recommendations arising from these audits were reviewed by both parties and agreed follow-up action was jointly monitored. Over and above the various types of scheduled audits, the agreements provided CMHC with access to provincial/territorial records to conduct special audits on an as required basis.

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[61] CMHC, Federal/Provincial Social Housing Programs: Audit Framework (Ottawa: Internal report prepared by the Asset and Program Accounting Division, November 16, 1989), p. 2.

A new streamlined accountability framework for provinces and territories choosing to be the active party for the delivery and administration of the new renovation programs, including RRAP, was introduced in the late 1990s. The new framework closely mirrored the accountability framework in the social housing agreements introduced in 1996, which transferred federal social housing program resources to the provinces and territories.[62] While less emphasis was placed upon "joint" involvement of the parties to F/P/T agreements in program design, planning, operations and auditing, the comprehensives and rigor of the new approach continued to satisfy federal accountability requirements. These addressed program terms and conditions, outlined delivery procedures and communications protocols, and set out provisions for annual plans, annual statements of expenditures, performance reports and periodic evaluations. Federal funding could also be withheld or the agreement canceled in the event of noncompliance.

Summary

This chapter reviews the management of RRAP in five areas from a CMHC perspective. The first explains the respective roles of CMHC field offices and National Office sectors and divisions and the changes that took place when provinces and territories took over delivery. The second reports on the transition from a responsive to a directive process in allocation resources to support RRAP commitments across the country. The third describes six key elements supporting the effective delivery of RRAP across Canada. These comprise: locally based delivery agents, a logical and consistent loan delivery process, a focus on client satisfaction, constant efficiency improvements, ongoing system support and reasonable compensation. The fourth deals with CMHC's cost of delivering and managing RRAP and concludes that these are reasonable given the nature of the program and delivery system. The fifth describes the RRAP loans administration process and reports on the current low level of arrears on repayable loans and that approximately $18 million worth of loans are in default and being pursued for recovery. Fifth and finally, the RRAP accountability framework is described. Key elements here include effective planning financial audits, performance monitoring and evaluations, which are applicable whether CMHC, a province or a territory cost-shares and delivers the program.

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[62] CMHC, *CMHC's Renovation Programs: Fiscal Year Activity 1998/99* (Ottawa: Assisted Housing Division).

Chapter 7

RRAP Accomplishments

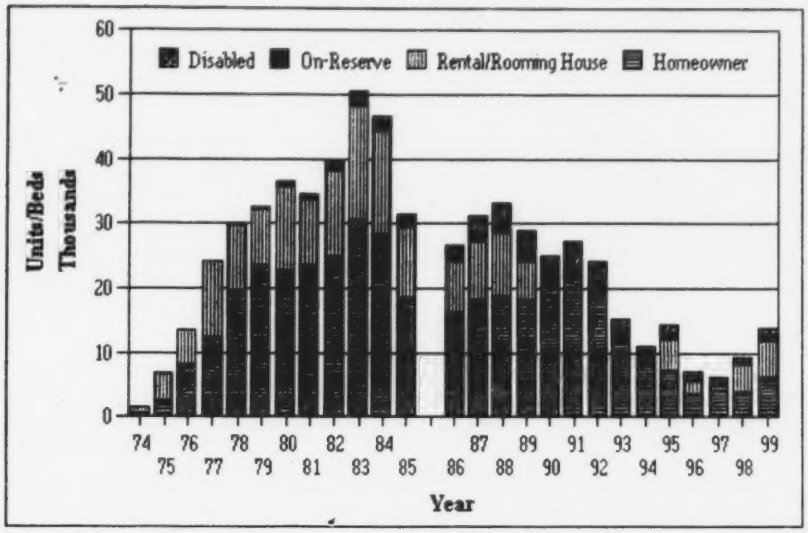
Over the past quarter century, RRAP has become one of Canada's most respected housing programs with a solid record of accomplishments in improving substandard, inaccessible and crowded dwellings occupied by lower-income households. This chapter will highlight some of the program's key achievements during its history to date.

Outputs

Over its active history from 1974 to 2000, some 650 000 unit/beds (approximately 615 000 self-contained units and 35 000 beds in hostels, dormitories, rooming houses and shelters) received commitments for RRAP assistance across Canada. More than 500 000 RRAP loans totaling about $3.0 billion were provided directly by CMHC across the country. Additional financing was provided to private landlords and non-profit groups by private lenders in support of the program. The repayment of a large portion of these loans, amounting to over $2.5 billion, was forgivable over a period of years for individual households who continued to occupy their dwellings, and for landlords who continued to abide by the terms of an agreement to maintain rents at acceptable levels.

The chart in Figure 19 shows the total number of dwellings (units and beds) that received commitments for RRAP funding each year under the programs main components (Homeowner, Rental, On-Reserve and for Persons with Disabilities). Commitments to non-profit associations and not-for-profit continuing co-operatives, under the pre 1986 Non-Profit RRAP program, are included within the Rental RRAP category. RRAP PWD was only a distinct program in the post 1985 period.

Figure 19
Units/Beds Assisted by RRAP Component
1974 - 1999



Source - Canadian Housing Statistics

Nearly two-thirds of all the dwellings (including self-contained units and hostel beds) assisted through RRAP were occupied by homeowners and over a quarter were owned by landlords, including private rental companies, non-profit housing associations and not-for-profit continuing co-operatives. A significant number of dwellings occupied by On-Reserve Clients and Persons with Disabilities were also served. These respectively represented 5 and 4 percent of all dwellings repaired or improved with RRAP.

As shown in Figure 19, the program was more active during the pre 1986 period, where, during the seven years from 1978 to 1985, almost one half of all the units/beds rehabilitated under RRAP were committed.

The initial increase, subsequent decline and recent rise in federal RRAP commitments during the post 1985 program period is quite apparent. The high point during this phase was in 1988 when commitments reached over 33 200 units/beds and the low point was in 1997, at the peak of the period of fiscal restraint, when just under 6 400 unit/beds were committed. The absence of Rental RRAP commitments following the cancellation announcement in 1989 is apparent in the chart, as also is the reinstatement of this program component in 1994 with commitments showing again in 1995. The rebound in commitments after 1997 is also evident. This was due, to a large extent, to increased commitments under Rental and Rooming House RRAP where special efforts were being made to address problems of homelessness. It is interesting to note that in the two most recent years shown, commitments under the rental component exceeded those under the homeowner component for the first time in

the history of RRAP. There were also significant increases in program funding in 1998 and 1999.

Three observations are warranted to put the apparent differences between the pre 1986 and post 1985 periods in perspective. First, the number of commitments in the pre 1986 period, when the program was targeted to low- and moderate-income households, would likely be reduced if it only showed commitments made to owners and landlords of units occupied by low-income households in core need, as was the case in the post 1985 period. Second, over the years, the amount of loan forgiveness assistance available on a unit/bed basis was increased from time-to-time in order for the program to better reach and assist low-income homeowners to undertake more extensive rehabilitation. In 1995, the amount of forgiveness available per unit doubled.

The tradeoff for such improvements during this period when budgets were capped or reduced due to fiscal restraint, was that fewer units could be committed. Third, in the post 1993 period, the government introduced a number of other home renovation initiatives (Emergency Repair Program, Home Adaptations for Seniors' Independence and Shelter Enhancement Program) targeted to low income households, which competed for a portion of the funds that had traditionally gone to RRAP. Commitments to these new program components are not reflected in any of the charts or tables in this chapter but they surely enhanced the governments efforts to preserve the stock of adequate, suitable and affordable housing for Canadians in need.

Direct Impacts

The following assesses the performance of RRAP against stated program objectives. These include improvements to substandard elements, an increase in the adequate housing stock and targeting to lower income households. As well, RRAP is designed to increase the supply of adequate and appropriate housing for priority clients such as persons with special needs and disabilities, the frail elderly and homeless people. RRAP objectives have also supported job creation and the development of Canada's housing rehabilitation industry.

Improving Substandard Housing

RRAP has proven to be effective in upgrading substandard housing. The 1986 RRAP Evaluation concluded that the program resulted in the improvement of dwelling units that were substandard in at least one major item or system. Although the program was not totally successful in fully improving substandard dwellings, the outstanding work in all categories was found to be minor in nature and not likely to create major health and safety hazards. The majority of these substandard elements were attributed to the absence of RRAP work rather than to poor quality work. The vast majority of repairs met acceptable quality standards of workmanship and materials. No relationship was found between work quality problems and the

use of sweat equity by property owners. More than three-quarters of all client groups were satisfied with workmanship, materials and the value of the work done. A comparison of substandard elements identified through inspections of units receiving RRAP in the early and later years of this phase of the program revealed little difference, thereby indicating that the dwellings were being adequately maintained after the work was completed and strongly suggesting that the useful life of units was being extended.[63]

Unfortunately, no specific data were available to show the extent to which the repairs made over the post 1985 period brought units up to minimum health and safety standards. A proxy for such evidence, was to compare the types of repairs undertaken in the pre 1986 period with the types of repairs being undertaken in the post 1994 period as reported in CMHC's annual Renovation Reports. In this regard, the 1979 RRAP Evaluation provided a ranking of the most common types of repairs undertaken under the homeowner component based on the results of a sample survey of program clients. These rankings are compared in the table in Figure 20 with data on the top five most common types of repairs to be undertaken under Homeowner and On-Reserve RRAP, based on commitment reports over the period 1995 to 1998/99, in areas where CMHC was the active party. Such reporting was not a requirement where provinces were the active parties delivering the program.

Figure 20
Common Homeowner (HO) & On-Reserve (O-R) RRAP Repairs

Type of Repair	Rankings for RRAP Homeowner and On-Reserve (O-R)									
	1979 HO	1995 HO - O-R		1996/97 HO - O-R		1997/98 HO - O-R		1998/99 HO - O-R	
• Roof & Roof Spaces	2	1	3	1	2	1	2	1	2
• Windows/Doors	1	2	1	2	1	2	1	2	1
• Stairs/Landings		4	4	3	4	3	4	3	4
• General Electrical	5	5		4				5	5
• Pipes/Fixtures	5	3		5		4		4	
• Foundations						5			
• Interior Finish			2		3		3		3
• Exterior Finish			5		5				
• Floor Finishes							5		
• Add Insulation	3								
• Exterior Walls	4								

Source - CMHC's 1979 RRAP Evaluation p. 30 & CMHC Renovation Programs, Fiscal Year Activity Reports

The above table reveals that the two most common types of work undertaken were the same in the pre 1979 and past 1995 periods, e.g., roof and roof spaces, and windows/doors. Work in these areas, according to the 1979 evaluation, usually

[63] CMHC, *RRAP Program Evaluation*, 1986, p. 250.

involved the repair or replacement of the entire roof covering, and the repair and replacement of windows and doors. The third level in the ranking of repairs undertaken was more varied. In the late 1970s, third priority went to adding insulation, a finding that is likely reflective of the high level of concern with energy costs at the time. Third level ranking, after 1994, was most often given to the repair of stairs and landings under Homeowner RRAP and to upgrading interiors under On-Reserve RRAP.

Given that only mandatory items under RRAP Standards were eligible for assistance after 1985, and the 1995 increases in forgiveness levels, it is expected that the program's ability to improve substandard housing will have been substantially enhanced in the post 1985 period.

Increasing Canada's Stock of Adequate Housing

The number of dwellings in need of major repairs in Canada would have been significantly higher without RRAP. Notwithstanding the substantial effort to improve substandard dwellings through RRAP, the absolute number of self-contained units needing major repairs, as reported in the Census[64], increased from approximately 580 000 to 901 000 or 55 percent in the 15 year period between the 1981 and 1996 Census. These estimates of need, however, could have been significantly higher if RRAP had not existed. This contention is based on the assumption the self-contained dwellings repaired as a result of RRAP would not show up in the next Census as needing major repair, a view supported by evidence from program evaluations showing that RRAP successfully improved the quality of substandard housing, reduced serious threats to the health and safety of its occupants and extended its useful life.[65] Based on the forgoing assumption, it is not unreasonable to speculate that if the 192 209 self-contained units committed in the period 1981 to 1985 had not taken place, the estimated number of units in need of major repair in 1986 could have been 22 percent higher. In this regard RRAP helped to reduce the impact of an aging housing stock.

The relationship between Census estimates of major repair need and RRAP commitments is better illustrated in the chart in Figure 21 that compares the magnitude of major repair need, as reported in the 1981, 1991 and 1996 Census with the number of self-contained dwellings rehabilitated through RRAP in the period prior to and between each Census. Stacked together, major repair need and RRAP unit commitments are assumed to represent the upper level of major repair need had RRAP not been available in the period prior to each Census. As housing conditions were not reported in the 1986 census, the number of units shown to be in need of major repair in 1986 are based on one half the difference between the 1981 and 1991 Census estimates.

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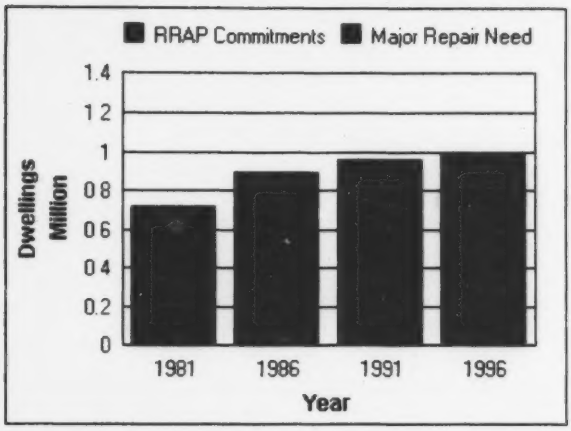
[64] Census estimates of dwellings needing major repair do not include beds or bed units in hostel and rooming house accommodation.

[65] CMHC, *RRAP Program Evaluation*, 1986, p. 250.

Figure 21
Major Repair Need - With and Without RRAP



Source - Major repair need from Census and RRAP commitments from CHS[66]
- Major repair need for 1986 is based on 1981 Census estimate plus one-half the change between 1981 and 1991.

The above chart shows that RRAP may have been successful in reducing the number of dwellings needing major repairs, as reported in the 1981, 1991 and 1996 Census by 19, 14 and 9 percent respectively. It is also evident that the number of dwellings being repaired through the program was not keeping up with the number falling into disrepair. However, it must be noted that RRAP had a more limited mandate which generally limited its focus to only those substandard dwellings occupied by lower-income households.

Assisting Lower Income Households

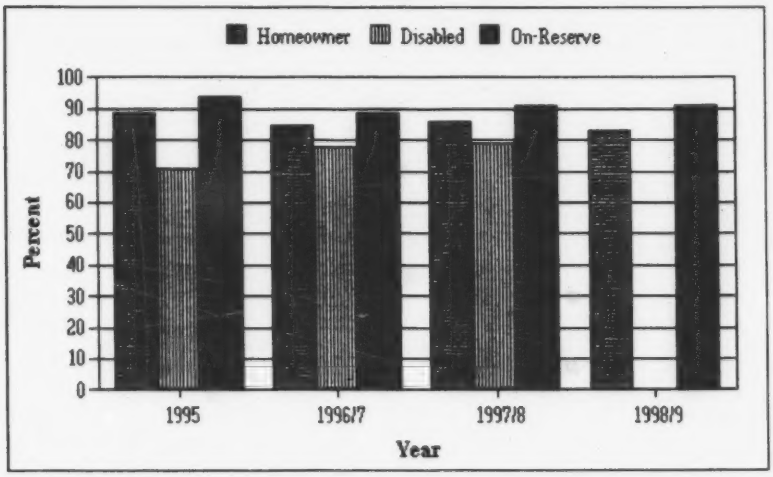
RRAP has been successful in fulfilling its mandate to serve lower-income households. The 1986 RRAP Evaluation reported that Homeowner RRAP was well targeted to lower income households over the 1974-1982 portion of the pre 1986 period and recipients had significantly lower incomes than the general homeowner population living in dwellings in need of major repair. More than half the RRAP homeowners lived below the poverty threshold, a proportion 2.5 times greater than found in their general population counterparts. Although not as well targeted to lower income households, tenants in Rental RRAP units also had lower incomes

[66] Further to the information show in the chart, the average number of RRAP units committed annually in the period between the Census reports were 1974-1980 > 19 954, 1981-1985 > 38 442, 1986-1990 > 27 660, 1991-1995 > 17 866 and 1996-2000 > 9 358. Annual unit commitments over the period 2001 to 2003 are estimated at 13 769.

that averaged $3 500 less than that of the general population of tenants in dwellings needing major repairs.[67]

Under the program design introduced in 1986, eligible homeowner clients had to have low incomes within core need income thresholds (CNITs), a policy that was extended to Rental RRAP in 1995. While data are not available to show the actual level of targeting achieved under Homeowner RRAP over the years 1986 to 1994, CMHC's Renovation Program Activity Reports since 1995 indicate that a high percentage of households served had incomes under $20 000 or well within core need income thresholds. This is illustrated in Figure 22 which shows the proportion of households with incomes below $20 000.

Figure 22
Percent of Households with Annual Incomes of $20 000 or Less
Homeowner, Disabled and On-Reserve RRAP
1995 - 1998/1999



Source - CMHC Renovation Reports, Fiscal Year Activity
Data were not available for RRAP D in 1988/9

Over the period 1995 to 1998/1999, Homeowner, Disabled and On-Reserve RRAP were all well targeted to very low income households. Each year close to 90 percent of the clients under On-Reserve RRAP, between 80 and 90 percent of the clients under Homeowner RRAP and between 70 and 80 percent of the clients under RRAP for Disabled Persons had annual incomes of $20 000 or less.

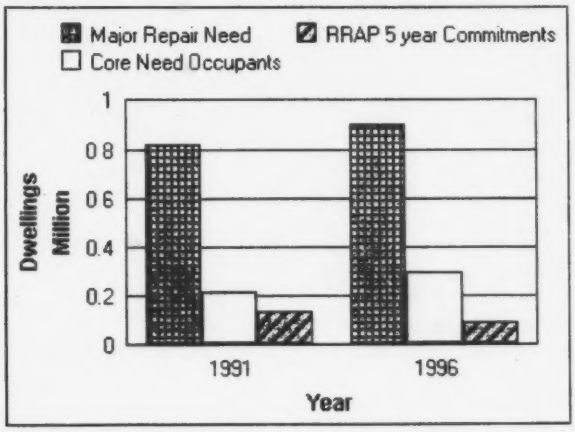
Client income data were not available for RRAP for Persons with Disabilities in 1998/99 and was not collected for Rental RRAP. Through CMHC's ongoing involvement with rooming houses, hostels and shelters funded under RRAP, it was known that a large portion of the homeless population benefiting from the program

[67] CMHC, *RRAP Program Evaluation*, 1986, p. 83.

had very low incomes and was often in receipt of some other government income support assistance.

Given the forgoing evidence that RRAP has been well targeted to lower-income households, the next step is to show the extent to which the program has helped to reduce the incidence of core need households with housing adequacy problems in Canada. In this regard it should be noted that RRAP is not necessarily intended to actually take households out of core need. The program benefits are designed to help clients bring their dwellings up to minimum standards without incurring unreasonable extra costs. As a consequence clients might still have a shelter affordability need after RRAP, but no longer be considered to have a housing adequacy problem. The chart in Figure 23 shows the impact of RRAP from a targeting perspective by comparing the overall incidence of occupied dwellings with a major repair need, the number of these occupied by households in core need , as reported in the 1991 and 1996 Censuses, with the number of self-contained units committed under all RRAP components (Homeowner, Rental/Rooming House and for Persons with Disabilities) committed over the previous five years. Unfortunately, and as reported earlier, no Census estimates are available prior to 1991 to show the number of occupied dwellings with residents in core need with housing adequacy problems.

Figure 23
A Comparison of the Number of Dwellings with Major Repair Need, with the Number Occupied by Core Need Households Reported in the 1991 and 1996 Census and RRAP Commitments over the Previous Five Years



Source - Major repair need from Census and RRAP commitments from CHS[68]

Figure 23 shows, as in earlier charts, the increases in both the number of dwellings estimated to be in need of major repairs and the portion occupied by core need households reported in the two Censuses. While a reduction in RRAP commitments

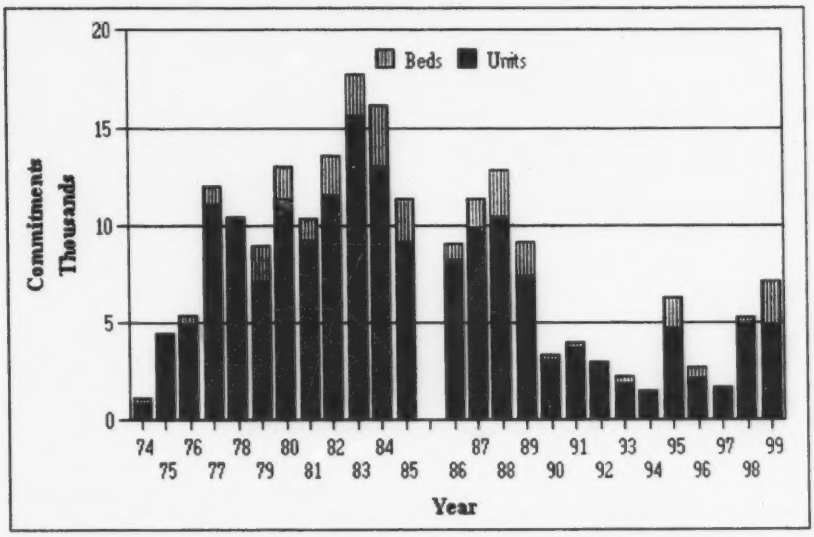
[68] Further to the information show in the chart, the number of RRAP units committed in the five year period prior to the 1991 and 1996 Census reports were 138 299 and 89 329 respectively.

in the five years prior to each Census is evident, it should also be noted that the level of these commitments are reasonably high relative to the reported incidence of households in core need with an adequacy problem. In 1991 and 1996, the total of self-contained units assisted under RRAP represented 66 percent and 30 percent respectively of the core/adequacy need estimate. Without these commitments, the level of need reported in the Censuses would very likely have been much higher. The reduction in RRAP commitments over the five years prior to each Census reflects the fact that RRAP commitments were considerably higher in the latter half of the 1980s than over the first half of the 1990s.

Improving Housing for Persons with Special Needs

RRAP played an important role in maintaining and increasing the supply of housing serving people with special needs. This is illustrated in the chart in Figure 24 compares the number of self-contained housing units to the number of beds (in hostels, dormitories, rooming houses and special care facilities) that received commitments for funding each year between 1974 and 1999 under Rental/Rooming House RRAP and RRAP PWD. Beds were not committed under Homeowner and On-Reserve RRAP.

Figure 24
A Comparison of Rental/Rooming House RRAP and RRAP PWD
Units and Beds Assisted
1974 - 1999



Source - Canadian Housing Statistics

Under the Rental/Rooming House and Persons with Disabilities components of RRAP, which represented a third of all RRAP commitments, 30 306 beds were assisted to 1999, representing 14.8 percent of all commitments under these

program components. This assistance was provided to private landlords and non-profit owners of hostels, special purpose facilities and rooming houses for repairs, improvements and accessibility work.

Approximately 16 800 or 56 percent of the beds committed were in the pre 1986 period. Almost half of these were under the rental component (8 448 beds) and the other half were under the non-profit component (8 415 beds). It is probable that the majority of the private rental beds went to upgrade rooming houses so they could continue to offer adequate and affordable accommodation to very low income singles. The non-profit beds were more likely used by non-profit project sponsors developing special purpose facilities where RRAP was one component of a broader financing package to support the acquisition and improvement or conversion of existing residential properties.

Over 1 000 beds on average were being committed annually in the early post 1986 period prior to the cancellation of the Rental/Rooming House RRAP program in 1989. This cancellation did not apply to rental units and beds under RRAP PWD so some commitments continued after 1989. Activity picked up quickly after Rental/Rooming House RRAP was reinstated in 1995 when over 1 500 beds were committed. Bed commitments fell off somewhat in 1996 and 1997 and then recovered in 1999 when a concerted effort was made by CMHC to foster take up by private and non-profit agencies serving the homeless. The three best years for RRAP bed commitments were 1984 (3 265), 1988 (2 547) and 1999 (2 335).

Helping Persons with Disabilities and the Frail Elderly

RRAP allowed many dwellings to be adapted to facilitate their continued occupancy by persons with a variety of disabilities. Prior to 1986, RRAP for persons with disabilities was not a distinct program component, although accessibility improvements were eligible items under both its Homeowner and Rental components early on and in 1981 such improvements became eligible for additional assistance. Estimates on the take-up of RRAP for persons with disabilities as a percentage of RRAP units from 1982 to 1985, suggest that about 3 800 units were committed.[69] By 1983, RRAP was serving the disabled in proportion to their presence in the general population.[70]

The Objective of RRAP for Persons with Disabilities (RRAP PWD) introduced in 1986 was to provide assistance to homeowners and landlords to improve the accessibility and use of the dwelling for disabled occupants. Over the period 1986 to 1999, in excess of 24 300 units and 3 100 beds were committed under RRAP PWD.

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[69] Based on 1982 and 1983 estimates of the percentage of total RRAP units which were for Persons with Disabilities, provided in the 1986 CMHC, RRAP Program Evaluation (page 146), multiplied by the total number of RRAP units commitments. The 1984 and 1985 estimates are based on the 1983/83 percentage.

[70] CMHC, *RRAP Program Evaluation*, 1986, p. 148.

A survey of post 1985 RRAP PWD clients and delivery agents, as well as a review of program commitment data, published in 1989 revealed:

- Clients tended to be older with an average age of over 65.
- Clients had relatively low incomes with the average incomes of $14 391.
- A high proportion of these clients (65 percent) had mobility disabilities.
- Many of the clients had multiple disabilities, on average, each client had 1.7 disabilities and 47 percent of the respondents had three or more disabilities.
- The average estimated cost of the work to be performed was $5 984, the average loan was $4 084, the average forgivable portion was $3 929 and average extra to pay, outside of RRAP was $1 900.[71]

The table in Figure 25 compares the percent of RRAP PWD units receiving assistance by the types of disabilities served, as reported in the 1989 Survey and commitments reported in CMHC Renovation Program reports since 1995.

Figure 25
Types of Disability Served

Type of Disability	Percent of Units Receiving Assistance				
	1989 Survey	1994+95	1996/97	1997/98	1998/99
Mobility	75.0	85.0	81.8	71.8	78.0
Allergy Related	6.0	5.4	6.1	8.5	7.0
Other	14.0	4.3	3.9	3.8	6.1
Visual	3.0	3.8	4.9	14.4	5.8
Cognition	2.0	1.0	0.6	1.0	2.0
Hearing	1.0	0.5	2.7	0.5	1.1

Source - CMHC Renovation Programs, Fiscal Year Activity Reports
- Survey of RRAP for the Disabled

Figure 25 shows that the majority of homeowner households who received assistance under RRAP PWD over the post 1986 period needed mobility improvements. In recent years, an increasing proportion of clients are using RRAP PWD assistance to address allergy and hypersensitivity related problems.

The table in Figure 26 provides more detail by comparing the rankings of the frequency with which specific types of improvements were completed, as reported in the 1989 survey, or expected to be undertaken, as indicated in CMHC Renovation Reports over the post 1994 period.

[71] Larsson Consulting, *Survey of RRAP for the Disabled* (Ottawa: CMHC, 1989), p. 1, Tables 1, 5 & 6.

Figure 26
Common RRAP PWD Improvements[72]

Type of Improvement/Repair	Ranking				
	1989 Survey	1995	1996/97	1997/98	1998/99
• Bathroom	1	1	2	2	1
Modifications	3	2	1	1	2
• Ramps/Chair lifts		3			
• Kitchen, Eating	6		4		4
Spaces		4	5		
• Floor Finishes		5	3	3	5
• Entrances				4	
• Eligible Modifications	2			5	3
• Electrical	4				
• Doors	5				
• Site Work					
• Railings					

Source - CMHC Renovation Programs, Fiscal Year Activity Reports
- Survey of RRAP for the Disabled

The most frequent accessibility improvements undertaken were bathroom modifications and the construction of ramps and chair lifts.

Home Adaptations for Seniors' Independence (HASI), a relatively low cost renovation program to increase the capacity of the frail elderly to live independently was introduced by the Federal Government as a two year demonstration program in 1992 and established as a full rehabilitation program component in 1995. An evaluation of HASI concluded that the program had a major impact on improving the comfort, safety and quality of life of seniors who wish to remain at home and that it clearly succeeded in enhancing their independence. Further, the evaluation concluded that the HASI Program provided a socially cost-effective approach to supporting seniors who wished to remain independent as an alternative to institutionalization.[73]

Aiding Efforts to Address Homelessness

RRAP has become one of the key program tools in support of federal efforts to address homelessness. Back in 1979 and again in the late 1980s, special efforts were made to use Rental RRAP to upgrade rental and rooming house accommodation serving the needs of the homeless. Then, in 1989, Rental RRAP was canceled and this option was no longer available. Rental RRAP was reinstated in 1995 and a new Rooming House RRAP component was introduced, which

[72] CMHC's Program Delivery System (PDS) provided the data for the post 1994 RRAP components. The 1979 data comes from the 1979 Evaluation of RRAP, p 30

[73] CMHC, *Evaluation of Housing Initiatives Under the National Strategy for the Integration of Persons with Disabilities* (Ottawa: Audit and Evaluation Services, March 1998), pp. 19-26.

offered repair assistance to the owners of rooming houses offering affordable rents to low-income individuals. Since that time and particularly in the late 1990s, more RRAP funding announced was directed by CMHC to Rental and Rooming House RRAP to address the shelter needs of the homeless and near homeless.

As special effort was made to target the additional funding for the homeless to support the efforts being made by local communities and agencies to retain, repair and improve the housing needed by very low income persons, many of whom had special needs for supportive services. Meetings were held with delivery agents, municipalities and community groups to identify the most effective ways to use RRAP. The strategies that were developed in a number of communities (Ottawa, Toronto) fostered openness and transparency through the use of Rental and Rooming House RRAP proposal calls which indicated that priority would be given to the selection of projects targeted to the homeless.

CMHC also indicated a willingness to consider exceptions to established program policies and extended eligibility under RRAP to shelters providing emergency, short term and longer term accommodation. Assistance was also provided to the proponents of housing projects to serve the homeless and near homeless through CMHC's Public Private Partnership Centre in the form of consultation, and access to proposal development funding and NHA mortgage insurance. These efforts bore significant results. Eighty-eight projects serving the needs of the homeless were funded. Projects included emergency shelters, supportive housing, rooming houses (including those owned by private landlords and community agencies) and rental apartments. Clients served included the homeless living in shelters, women and children, and those with mental health, substance abuse or other disabilities requiring supportive housing.

Community groups also used Homeowner RRAP to address the needs of people at risk of homelessness. For example, groups in Edmonton and Winnipeg acquired vacant inner-city houses in serious disrepair, and used Homeowner RRAP to upgrade the properties to acceptable standards. The houses were then made available to low-income families who could not afford rent or mortgage payments.

The provinces and territories already cost sharing RRAP were also encouraged to contribute additional funding to increase the number of homeless or near homeless households who could be assisted.

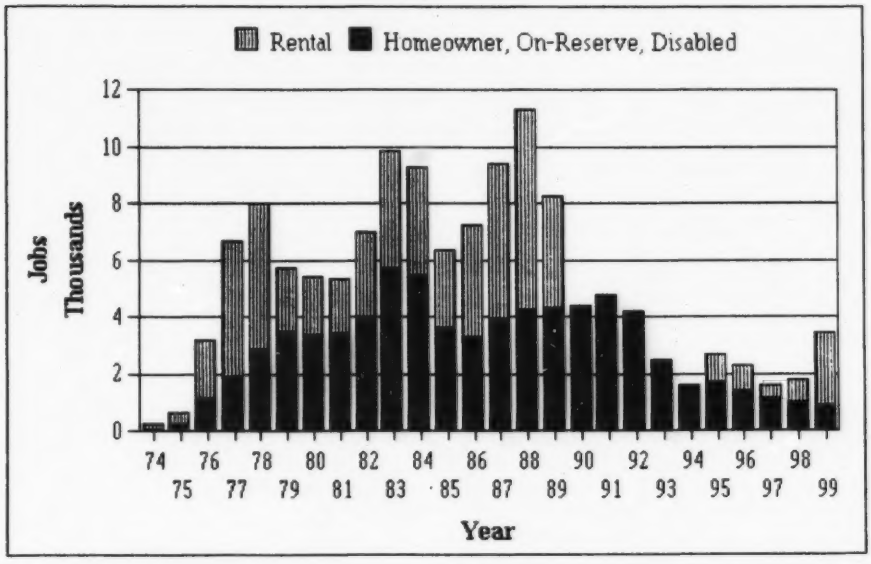
Generating Employment

RRAP has had a significant effect in creating employment in the residential renovation industry over the years. The economic impacts have been generated by expenditures in three areas: i) the wages paid to contractors and special trades working on-site; ii) support industries, such as retailing, transportation,

manufacturing and financing associated with the production and sale of building materials; and iii) jobs, wages and taxes resulting from the spending by the workers involved in the first two areas. One of the key benefits of RRAP from a job creation perspective, has been the leveraging effect it has had in drawing in private investment from its homeowner and landlord clients. As landlords have been required to put in more of their own capital than homeowners, Rental RRAP has had a stronger leveraging effect.

The chart in Figure 28 shows the RRAP homeowner and rental components to which these jobs were attributed and the estimated number of jobs created each year over the life of the program.

Figure 27
Estimated Jobs (Person Years) Created
All RRAP Components 1974 - 1999



Notes -

1) The 1986 RRAP Evaluation estimated that 34.8 direct jobs were created for each $1 million spent on homeownership components and 99.5 direct jobs for similar rental expenditures. These factors took into account the leveraging effect of RRAP in drawing in private homeowner and landlord investment to support rehabilitation.[74] These job creation factors were multiplied by the total amount of CMHC loans, expressed in $ million, committed under the homeownership and rental components each year to provide an estimate of total number of jobs created. This result was compared with federal announcements on the jobs expected to be created with special allocations in the post 1995 period, and the higher estimate was used.

It is estimated that approximately 134 000 jobs (defined as one years work) were created through RRAP over the period 1974 to 1999. Overall 63 percent of the jobs

[74] CMHC, *RRAP Program Evaluation*. 1986, p. 207.

resulted from Homeowner, On-Reserve and RRAP PWD loan commitments and 37 percent were due to Rental RRAP. As Rental RRAP only accounted for 22 percent of the total amount of money lent by CMHC directly, it is quite evident that the Rental component, because of its leveraging effect, has been a better job generator.

Supporting the Development and Growth of Canada's Rehabilitation & Renovation Industry

RRAP has been an important component of federal efforts to support the development of Canada's renovation industry, which has grown significantly since the early 1970s when RRAP was introduced. By the end of the 1990s, annual spending on renovation overall had increased to such an extent that annual expenditures in this area were reportedly exceeding those on new house construction.

During the pre 1986 period the growth of the renovation industry was fostered by CMHC and by RRAP, which was the first program effort to develop a national capacity to undertake housing rehabilitation and renovation on a large scale. Key to the success of this new industry was CMHC's support for the development of municipal maintenance and occupancy standards, and related administrative faculties, including the development of competent building inspection expertise and services. This has benefits beyond RRAP for housing overall.

RRAP also gave many small contractors their first start in the renovation industry. Through RRAP, and the feedback received from local delivery agents and clients, CMHC became aware of the need for measures to improve the special knowledge and skills required to perform quality renovation, which were quite different from those required for new construction. Renovators had to deal daily with the occupants and owners of the dwellings they are working on. They had to be flexible and able to respond to new and unexpected situations. Knowledge of various house construction systems and the ability to spend more time in management and supervision on site were prerequisites.[75]

This growing awareness led to the establishment of CMHC's Rehabilitation Skills Training Centre (RSTC) in 1981 and the development of the first series of training courses in housing rehabilitation skills, which became the foundation for courses and curriculums that are still in use across Canada in the year 2000. The courses developed and offered either directly by CMHC or through community and technical colleges in all regions of Canada, were of particular interest to contractors, building inspectors, appraisers and property managers involved in the repair or renovation of single to low-rise multiple unit developments. Their relevance was applicable to

[75] CMHC, *RRAP Program Evaluation*, 1986, p. 209.

renovators generally and not just to those working for clients in receipt of RRAP loans. The titles of the four courses developed by RSTC were:

- Inspecting Dwellings and Introduction to Specification Writing
- Specification Writing and Cost Estimating
- Energy Conservation in Rehabilitation
- Management of Project Implementation

Although RSTC was closed down in the mid 1980s, efforts to develop a quality renovation industry were carried on by the Canadian Home Builders Association (CHBA) and its "Canadian Renovators' Council" (CRC) which continued to stress the importance of skills training, practical experience and ethical business practices. In recognition of the impact RRAP had on the renovation industry, CMHC officials sat on the CRC in the 1980s. Renovation training programs are now organized and delivered by CHBA's provincial and local associations across Canada, as well as by local technical and community colleges. These courses are supported where appropriate by CMHC and often utilize resource material developed by CMHC and other federal departments concerned with building sciences and energy conservation.

Over the three decades of RRAP, CMHC has also produced a wide variety of resource materials and research to not only help renovation contractors, inspectors and program delivery agents, but also support the interest of homeowners and landlords undertaking rehabilitation and renovation work. The resource information and research reports currently available through CMHC's Canadian Housing Information Centre are listed in Appendix D.

Other Impacts and Effects

Besides the forgoing review of direct impacts there were a number of other impacts and benefits which can be associated with of RRAP that are worthy of note. A number of these were discussed in the 1986 RRAP Evaluation's assessment of RRAP's impact on neighbourhood quality[76][77] and on energy related work.[78] Although interesting, these may now be less relevant as RRAP has not been targeted to specific neighbourhoods for almost 15 years and energy conservation is no longer the issue it was in the late 1970s and early 1980s. Some other impacts of RRAP may be expected to include:

- Improved living conditions for occupants in terms of their health, safety and security in urban, rural and remote settlements.
- Increased consumer awareness, knowledge and confidence in dealing with house maintenance and repair.

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[76] CMHC, *RRAP Program Evaluation*, 1986, p. 176.
[77] CMHC, *RRAP Program Evaluation*, 1986, p. 185.
[78] CMHC, *RRAP Program Evaluation*, 1986, p. 230.

- Decreased requirement for investment in new housing (including social housing) construction by better ensuring continued access to the existing stock by low-income households.
- Stronger municipal tax bases resulting from fewer problems associated with urban blight and the abandonment of derelict housing.
- Stabilization of the residential construction industry by continuing to fund rehabilitation initiatives during economic downturns and times of higher unemployment.

Summary

RRAP has been one of Canada's most important housing programs because it was able to successfully address a number of important government priorities related to the preservation of the existing housing stock occupied by lower-income households. This chapter reviewed RRAP's accomplishments. RRAP has repaired and improved a significant number of homes and assisted many low income households with home repair needs. It has increased the availability and suitability of housing for persons with special needs, such as Aboriginal people and persons with disabilities.

RRAP funding has been mainly used to repair essential items such as roofs, windows and doors. These efforts and reduced the need for major repairs normally associated with an aging housing stock.

RRAP has been an important generator of jobs during slower economic times and has supported the development of Canada's home renovation industry. Some of the secondary benefits of RRAP have included rejuvenated urban neighbourhoods and reduced need for new housing construction.

Chapter 8

Epilogue

RRAP

There are many reasons why RRAP has flourished and survived for nearly 30 years. Here are the main reasons:

- The physical impact of RRAP have been direct and visible. Windows and roofs were repaired or replaced, plumbing and heating systems were improved or replaced, and ramps and railings were installed. Because of this and the way benefits were provided, RRAP was generally seen as a house repair and not as a less popular income redistribution program.
- RRAP helps the truly needy, including the most vulnerable in society, to gain access to decent housing. Renovation assistance is a relatively inexpensive way to achieve results quickly and help many people.
- RRAP's financial benefits to clients have been real, immediate and clearly attributable to their source. Clients were very aware and appreciative of the money they received up front, on the basis of repayable and forgivable loans from the federal government or through a federal/provincial or territorial partnership, to pay for labour and materials to repair and improve their homes.
- RRAP has been flexible and its eligibility criteria and benefits were enhanced over the years in response to changing needs and conditions in order to remain relevant and effective.
- There has been an important and strong constituency of stakeholders supporting and advocating for the continuation and ongoing improvement of RRAP. These included provincial and municipal housing officials, program delivery agents, local building supply and contracting businesses and potential clients.
- From a fiscal perspective, RRAP has offered the federal government an opportunity to control program expenditures on an annual basis. Unlike the other social housing programs, no long term ongoing subsidies have been required.

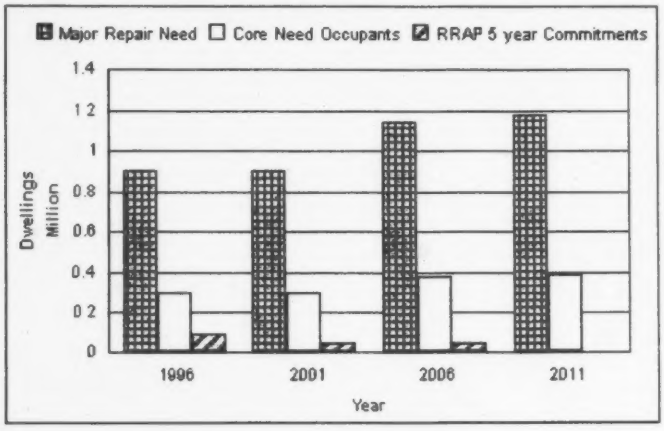
So RRAP has been a survivor and has a mandate to continue for at least several more years. An evaluation of the program is underway that will provide an opportunity to reassess the program's rationale, determine who is now benefiting and review its more recent impacts and effects. This will be critical to the governments decision on its future involvement in efforts to maintain the countries existing stock of affordable housing in good repair, including a possible extension of RRAP when it expires in March, 2003.

Future Context

The accomplishments listed in Chapter 7 provide the essential basis for the programs continued popularity and mandate. But what about the future?

The previous chapter observed that notwithstanding the significant efforts that had been made to repair and improve substandard housing since 1974 and to target subsidies to households in need, the backlog of dwellings in need of major repair and the portion occupied by those in need continued to grow. This trend is expected to continue, as the housing stock ages and the need for major repairs grows. Figure 29 shows estimates of the number of dwellings in need of major repairs and the portion expected to be occupied by low-income households during the next 10 years.

Figure 28
A Comparison of Estimated Major Repair and Rehabilitation Affordability Needs In 1996, 2001, 2006 and 2011 With Expected RRAP Unit Commitments Over the Previous Five Years



Source - Major repair need is based on projections from the 1991 and 1996 Censuses, taking into account the strong correlation between the age and condition of the stock as shown earlier in Figure 14.
- The number of major repair need dwellings occupied by households with an affordability problem as well is based on the 1996 Census and the assumption that the same 33 percent ratio would be evident in 2006 and 2011.
- The number of RRAP units committed according to CHS in the periods 1991-1995 and 1996-2000 were 89 329 and 49 865 respectively. Unit commitments over the period 2001 to 2003 are estimated at 50 520 based on the assumption that announced allocations will sustain the commitment of 16 820 units annually, as achieved in 2000.

As illustrated in Figure 29, the most recent 1996 Census estimated that some 901 000 occupied dwelling were in need of major repair. Over the next ten years to the 2011 Census, it is estimated, based on the strong correlation between the age and condition

of the stock, that the number of units in need of major repair will grow by 276 300 dwellings or 18 400 annually to over 1 177 600 dwellings.[79]

Assuming that the proportion of dwellings in need of major repairs occupied by households in core need will stabilize at 33 percent, the level reported in the 1996 Census, it is estimated as shown that by 2011, approximately 388 600 households will require assistance to undertake needed repairs. This represents an increase of 91 190 households over the 15 years from 1996 or 6 070 annually.

It is reasonable that government housing policy should continue not to target financial assistance to the majority of dwelling in need of major repair owned by households and landlords who could reasonably pay to undertake the work themselves. However, the growing gap between the number of households needing assistance to undertake assistance is an challenge and remains a cause of ongoing concern.

Without question, this evidence strongly suggests that continuing efforts will be required by governments to ensure that Canada's existing housing stock occupied by lower-income households meets accepted standards of health, safety and functionality.

[79] The method used for these estimates is described in the text associated with Figure 14.

Part III

Appendices

Appendix A

Program Delivery

Figure A 1
RRAP Program Delivery Process

The Homeowner Client Perspective

Who are the RRAP Agent and RRAP Inspector?

Throughout this information booklet, you are asked to get advice from the RRAP Agent or Inspector. These are the people who work for your municipality or who have a contract with CMHC for the administration of the RRAP program in your area . In some cases, the RRAP Agent may also be the RRAP Inspector. You will find these RRAP Agents helpful in all stages from the preliminary application to completion.

The Agent Perspective

Initial Screening

Usually in response to a direct telephone call from a potential client or in following up a referral, the Agent will request basic information to assess the applicants probable eligibility. Four criteria are considered whether: i) the applicants income is within the local Core Need Income Threshold (CNIT); the value of the property is under the established House Value Threshold (HVT); iii) the age of the house is five years or greater; and iv) repairs to the dwelling had not been assisted with RRAP for at least 15 years. If the applicant meets these criteria, the application process continues.

Preliminary Application

The Agent meets with the applicant to discuss the assistance available from the program and the needs of the applicant. The Agent ensures that the applicant is aware of the intent of the program, the ownership criteria and the forgivable/repayable form of the assistance. When the applicant is fully aware of the requirements of the program the Agent assists in the preparation of a preliminary application form.

The preliminary application includes details on the characteristics of the dwelling and applicant. The Agent reminds the applicant that the terms and conditions of loan approval will require that: the repairs satisfy the requirements of the RRAP Standards and ensure a continued useful life of 15 years; that an inspection of the property and periodic inspections of the work in progress will be permitted; that the rental agreement will need to be entered into for rental loans; and that the amount of forgiveness for homeowners loans will be based on the applicant's adjusted family income.

The Homeowner Client Perspective

Inspecting your property

Now that you have filed your preliminary application for RRAP assistance, the RRAP Agent will arrange with you a satisfactory time to view your property. A RRAP Inspector working for the Agent is the person who will determine with you what repairs are necessary and what additional improvements can be carried out using the RRAP assistance.

The RRAP Inspector will be checking the property against the Canada Mortgage and Housing Corporation Standards for the Rehabilitation of Residential Buildings to assess with you what repairs are necessary. The priorities that will be looked at with you are structural soundness, fire safety, plumbing, heating and electrical work. These items are basic in determining what work will be required to meet the standards and thereby be eligible for loan forgiveness assistance. Other work that you would like to have done may be eligible for inclusion in the repayable portion of the loan. You should keep in mind that RRAP is a program for basic repairs rather than for modernization or for simply improving the appearance of the unit.

Upon completion of the inspection, the RRAP Inspector will prepare a report with you outlining the repairs which you agree will be the work for which you will apply for a RRAP loan. The report will also detail the portions of the loan which can be forgiven and which will have to be repaid. This will help ensure that nothing has been missed and that you will be fully aware of the costs involved. It also provides you with an opportunity to discuss the most appropriate types of building materials and skilled trades that will be required to do the work. This involves considerations of initial cost as well as durability of materials and quality of workmanship.

You may wish to reduce the overall cost of repair work by doing some of the work yourself. In your area, however, there may be laws which require a licensed tradesperson to do specific work. Where this is not a necessity, and if you are handy, you may wish to do part of the work yourself. You will, of course be expected to undertake the work at less cost than if you hired a fully qualified contractor. In any case you should still obtain two estimates for the work which you are not going to do yourself, and you will be

The Agent Perspective

Initial Inspection

The initial inspection, which could be conducted concurrently with the preliminary application, is intended to perform two functions. First, it verifies that the dwelling meets the RRAP eligibility requirements by being substandard in one of six basic areas and that the repairs will likely ensure a continued useful life of at least 15 years. Second, it should identify the mandatory work required to bring the property up to the level of health and safety identified in RRAP Standards. Additional work which was eligible for RRAP funding through the repayable portion of the loan will be identified at that time.

The object of the inspection is to help the applicant rehabilitate the property and derive the maximum benefit from RRAP. The owners knowledge of the property is very useful and helps to ensure that no work requirements are missed.

Description of the Work and Cost Estimates

If the inspector determines that the dwelling is eligible for RRAP, than a specification report is completed for the property. The report gives a detailed description, in non-technical terms, of all the work which is to be done. Work items are organized according to a standard division of activities. The inspector is required to do a cost estimate of the work involved, to be used as a guide in determining what a reasonable bid should be and whether it is within the financial resources of the applicant.

Where the work requires a specialized professional assessment, homeowner and rental applicants are advised to engage a person or agency with the necessary expertise and qualifications (e.g. Electrical Safety Authority to assess electrical issues, the Fire Marshall's Office to assess modifications required to rental and rooming house applicants, Heating/Furnace Technician to assess combustible heating system and Engineer to assess foundation problems). Cost associated with completing these assessments are eligible for RRAP assistance.

Applicant's can undertake some or all of the work themselves, but must have plumbing and electrical

required to supply prices for materials for the work you do wish to undertake. The RRAP Agent will be able to advise you on how "doing it yourself" can reduce your costs by reducing the amount of your loan, and the type of work you might reasonably expect to attempt to do yourself. If you need some startup money to enable you to buy necessary materials to begin the work, you should ask the RRAP Agent or Inspector about this.

Now it's time to find a contractor and get cost estimates

The RRAP Inspector will provide you with copies of the Inspection Report with detailed specifications of the work previously agreed with you. This report will consist of a list of the required work and a form which you can use to obtain estimates from contractors. This will make it easier for you to get accurate bids.

Now on to the next step - getting bids from contractors.

It is your responsibility to find suitable contractors. There may be neighbours who have already had satisfactory repairs done by a contractor. The Yellow Pages in your telephone directory may help you identify contacts. Your local Better Business Bureau can advise whether the reputation of the contractor is known. If otherwise you are unsuccessful, your RRAP Agent may be able to assist you to locate contractors and the RRAP Inspector will meet with prospective contractors to explain the required work.

You are expected to obtain at least two estimates from different contractors for each item of repair work as detailed on the Inspector's Report. Normally this is done by you contacting contractors personally, and showing them what is required and how it has been described in the Inspector's Report.

If you are unable to obtain competitive estimates or you experience any difficulties, you should let your RRAP Agent or RRAP Inspector know and ask for advice. Once you have received these estimates you

work carried out by qualified contractors. Homeowner applicants cannot charge for their own labour. Landlord applicants can only do so if the bid is submitted by a company owned by the landlord and other bids are sought at the same time. Any local or provincial requirement for the use of licensed trades have to be observed.

The completed specification report, without the cost estimates, is given to the applicant to be used to solicit bids on the work from at least two contractors. When the applicant receives the bids, these costs are compared with the inspector's estimates. The applicant, with the help of the inspector, then selects one of the contractors to undertake the work. The bid is not considered acceptable if it differs from the inspector's estimate by more than 10 percent.

The Homeowner Client Perspective

should notify the RRAP Agent and arrange to have them reviewed. This review will cover the prices as well as confirm the kinds of materials to be used.

And now - the final loan application

The inspection is over, the cost estimate have been reviewed and one or more approved and recommended to you. Now, with the help of your RRAP Agent, should complete the Final Loan Application form.

At this point, your loan repayments and any forgivable portion of the loan that you are entitled to can be calculated by the RRAP Agent. This forgivable portion will be "earned" by you at an established rate ($___ in 2000) per year, up to a maximum amount ($___ in 2000) after five years depending on your income and the extent of repairs you are having done. In addition, you will be asked to have your income and proof of ownership verified. If you feel that the repair costs and loan repayment schedule exceeds your capacity to repay the loan as calculated, it is possible at this time to examine with the RRAP Agent or Inspector what optional repairs can be eliminated to bring the total repair cost within limits acceptable to you.

For loans of less than $25 000 (in 2000) you will asked to sign a loan agreement in the form of a promissory note. If the loan is $25 000 (in 2000) or more than you will be expected to arrange a mortgage and to pay for any legal fees involved in the preparation of the mortgage. However, it is possible to have these fees included in your RRAP loan.
The RRAP Agent will be able to provide you with the required documentation for preparing a mortgage. Make sure you understand the terms of the mortgage, especially how much your monthly payments will be and how long it will take to pay back the loan. You may choose to pay the loan back over a period of up to 20 years but usually with a minimum monthly payment of $10. These payments will vary according to the amount of your loan and your "adjusted family income". (This is calculated according to your total family income less an allowance for dependents.)
Once you have completed this Final Loan Application, it will be forwarded by the RRAP staff to the nearest office of Canada Mortgage and Housing Corporation for approval (only in provinces and territories where CMHC is the Active Party responsible for program delivery).

The Agent Perspective

Final Application (Sign-up)

The agent assisted the applicant to complete the final application for the RRAP loan. More detailed information on family income and house values are required for homeowner clients at this point. Incomes, which are needed to verify eligibility and determine the amount of the forgivable and repayable loans, are usually validated on the basis the latest "Notices of Assessment" from Canada Customs and Revenue Agency. A "Municipal Property Assessment" or realitor's appraisal is used to verify the houses value relative to the HVT. Statements of revenues and expenses, verification of all incumbrances on the property, a property valuation and tenant income declarations are required for rental applicants. The final application included the calculation of the forgivable and repayable portion of the RRAP loan.

The approval of the final application also takes into account any special professional or technical reports required and the estimated cost of the work based on the selected bids.

For homeowners applicant's adjusted family income and total debt service (TDS) is calculated to determine the amount of available forgiveness and the ability of the household to assume the repayable portion of the RRAP loan if required. For landlords, the forgiveness is based on the cost of the repairs.

In the case of landlords, the available forgiveness is equal to 50 percent of the cost of eligible repairs up to a maximum per unit. The landlord is required to enter into a rental agreement which places a ceiling on the rents for the period of the earning of forgiveness.

The maximum allowable post RRAP rent increases are calculated on the bases of the landlord's cost of the repayable RRAP loan amortized on 20 year term. This term was used regardless of the actual repayment period selected by the landlord. Where provincial or other rent control legislation is in place, the actual grant charged cannot exceed the maximum rent increase permitted by the Rent Control Board.

The Homeowner Client Perspective

After your application has been approved but before the work begins ... a last check

This is where you, the RRAP agent or Inspector and the contractor you have selected should all get together, at your home. Such a meeting is strongly recommended, as it will help to avoid later misunderstandings and disagreements.

You should make sure that you all understand and agree on the work to be done, materials to be used, expected start date and completion date of the work and financial arrangements. And, of course, to protect yourself it is advisable to have a written Work Contract.

Get it in writing

With the best of intentions, misunderstandings can still arise and cause problem. That's why you are required to get detailed estimates before a contractor is approved and why a written contract is strongly recommended.

Since you are responsible for paying the contractor, it's important that a Work Contract be used and that all key points be covered (work to be done, materials to be used, expected start and completion and financial arrangements). Be sure not to sign a contract until you have been informed by the RRAP Agent that your loan has been approved. A sample of such contract is available through your RRAP Agent.

The RRAP Agent may not always be able to review your Work Contract so it is up to you to ensure that the contract contains all the requirements for work outlined by the RRAP Inspector.

When you have completed all the necessary steps, the work can begin as scheduled.

Note: You will be signing the contract to get the work done and it is your responsibility to see that the contractor lives up to his obligations.

In-progress inspections and payment advances

Rehabilitation work will be inspected by the RRAP

The Agent Perspective

Progress and Final Inspection

After the final application had been submitted and the

The Homeowner Client Perspective

Inspector both while work is in progress and upon completion to ensure that it meets local building codes and the CMHC Standards for the Rehabilitation of Residential Buildings. Progress payments, or advances, will be made only for that work which has been completed and not for materials that are being used for work currently underway. These inspections will be done each time the contractor (contractors) asks for payment when a major part of the work has been completed. Normally this will occur about three or four times during the course of the rehabilitation work. If you are dissatisfied with any of the work which has been done, this is the time to discuss it with the RRAP Inspector.

For some types of RRAP repairs, (e.g. electrical, plumbing, heating) where a municipal permit may be required, there may be visits by other inspectors than the RRAP Inspector to certify that the work is in accordance with the requirements of the responsible agency.

These progress payments to the contractor will be based on the in-progress inspections. The cheques to cover these payments will be issued by CMHC to you, or jointly to both you and the contractor, and it is your responsibility to see that the contractor is paid.

Each time a progress payment is made to you to cover completed repairs, the interest on this advance will be calculated. When the final payment is made to complete your loan, the accumulated interest on these advances will be deducted from the amount of the final payment. If, during the repair work, you discover that additional work is required, you should discuss the possibility of a loan increase with the RRAP Agent. All your repairs should be completed within, at the most, one year of the date on which your loan was approved.

After the work is completed

The repayable portion of your RRAP loan will normally require repayment to begin at the start of the month following the completion of the rehabilitation work. Don't forget that although you may have originally agreed to the repayment of your loan at a certain rate over a certain period of years, you will be free to repay any part or all of the loan in a lump sum

The Agent Perspective

loan or registered forgivable mortgage and operating agreements are approved, as may be required, the work must commence within 90 days. Any time after the promissory note (if under $25 000) or mortgage are executed, advances for work in place can be made at the request of the property owner. The Inspector would visit the site to determine the value of the completed work and to ensure that it met the applicable codes and standards or that other advances are supported by special inspections (electrical, heating, Fire Martial, etc.).

The local CMHC office, where CMHC is the Active Party, is responsible for issuing of progress payments upon the recommendation of the Agent and Inspector. CMHC is notified when the work is complete upon receipt of the final progress inspection report from the Agent. At this time, any repayable portion begins to be repaid according to the terms and schedule specified in the promissory note or mortgage.[1]

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[1] CMHC, *RRAP Program Evaluation*, 1986, pp. 1-25.

without penalty at any time during the agreed repayment period.

When the work is done, good maintenance begins

When the repairs are completed, you will want to keep your home in good condition. If you're not too sure about what will help, you may get some good tips from "home maintenance" books or from your local building supply centres. Check with a public library, or browse through a bookstore. It's worth a little extra care. And good maintenance will protect your investment.[2]

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[2] CMHC, *You've applied for a RRAP Loan. What Next.*

Appendix B

Eligibility & Benefits

Figure B 1
Eligibility Requirements - Comparative Summary
Homeowner, Rental, Non-Profit & On-Reserve RRAP &
RRAP for Persons with Disabilities (PWD)

Program	1973 - 1985 Program	1986 - 1994 Program	1995 - 2000 Program
Homeowner • **Eligibility Criteria**	• Dwelling must be in NIP or special designated area. (Not required in rural areas after 1978.)[1] • M&O by-laws must be in place. • Dwelling must be substandard in 1 of 5 areas.[2] • Households must have incomes below CMHC established ceilings.[3] • Improvements needed to make dwelling accessible. • Rural RRAP only available in communities of under 2 500 people. • Extensions to address crowding became eligible under Rural RRAP only.	• Universally eligible.[1] • M&O by-laws must be in place. • Dwelling must be substandard in 1 of 5 areas. • Household must be in core housing need, i.e. Income below CNIT.[2]	• Universally eligible • Dwelling must be substandard in 1 of 5 areas, lack basic facilities or be overcrowded.[1] • Household income must be below CNIT or HIL. • Property value below CMHC established House Value Thresholds (HVTs).[2]
Rental • **Eligibility Criteria** • **Includes** • **Rental RRAP** • **Rooming House RRAP (1984)** • **Conversion RRAP (1999)**	• Must be in NIP or special designated area. • Dwelling must be substandard in 1 of 5 areas. • Income ceilings not applicable to tenants.[4] • Apartment units only. • Rooming houses and hostels eligible.[5] • Accessibility improvements.[6] • No conversions	• Universal. • Dwelling must be substandard in 1 of 5 areas. • Pre and post RRAP rents to be at or below average market rents. • Projects receiving other social housing subsidies not eligible. • Rooming houses and hostels must have more than 3 bed units rented to occupants unrelated to the owner.	• Universal • Dwelling must be substandard in 1 of 5 areas. • Projects can be owned by private entrepreneurs, non-profit corporations and First Nations for projects not in receipt of other social housing assistance. • Project rents pre and post RRAP must be below the median market rents for the local area. • Only rental units occupied by households with incomes below CNITs eligible.

Program	1973 - 1985 Program	1986 - 1994 Program	1995 - 2000 Program
			• CNITs not applicable to rooming houses and hostels.[3] • Rooming houses to contain more than 3 bed units.
• **Rental Conditions**	• Landlord must enter into an agreement with CMHC establishing fair rentals.[3] • Repayable loan subject to viability analysis to ensure post RRAP rents were at or below market.[3]	• Landlord must enter into agreement with CMHC. • Rooming houses & hostels must have an identifiable shelter component and offer permanent accommodation.[3]	• Landlord must enter into an agreement placing a ceiling on post RRAP rents and limit rent increases during the term of the agreement. • Landlord must agree to limit new occupancy to tenants with incomes below CNIT.
Non-Profit • **Eligibility Criteria**	• No area restrictions. • Private Non-Profit Corporations and Not-for-Profit Continuing Co-operatives serving low and moderate income households.[3] • Income ceilings not applicable to tenants.[1] • No post RRAP rent controls.[1]		
On-Reserve • **Eligibility Criteria**	• Program introduced in 1981? • Program eligibility the same as Homeowner RRAP.	• Same	• CNITs and HVTs not applicable. • Incomes must be below Forgiveness Income Limits (FILs).[4]
PWD • **Eligibility Criteria**	• 1974 - Improvements to make Homeowner and Rental RRAP units accessible could be undertaken but were not eligible for assistance. • 1981 - Homeowner and Rental RRAP accessibility items eligible for assistance on a universal basis. • 1982 - Additional loan and forgiveness amounts for Homeowner and Rental RRAP clients doing accessibility work.	• Homeowners and Landlords doing accessibility work. • RRAP PWD (RRAP FOR THE D) can be stacked on both Homeowner and Rental RRAP. • Special care and nursing homes, receiving other social housing subsidies not eligible.	• Homeowners with household income below CNIT.[3] • Homeowners whose houses values are below HVTs.[3] • Landlords, for rental tenants with incomes below CNIT and rooming house tenants with incomes below established levels. • RRAP PWD (RRAP FOR THE D) can be stacked on both Homeowner and Rental RRAP.

Notes - RRAP Eligibility - (1973-1985)

1) (NIP).[3] The goal of this approach was to generate a level of rehabilitation activity in a neighbourhood sufficient to reverse its decline.

[3] CMHC. *Residential Rehabilitation and Conversion Assistance Program*. General Memorandum B 775

Under the NHA, responsibility for designation of NIP areas rested with the federal government, although the designations were carried out with provincial concurrence. Each designation was made by Order-in-Council; accordingly all proposed designations were reviewed and submitted for a Cabinet decision by CMHC.

The targeting of Urban Homeowner and Rental RRAP to designated areas continued without significant changes until NIP terminated in March 1978. At that point, CMHC introduced new guidelines for designating rehabilitation areas for RRAP which were designed to:

- allow urban areas which had not been selected under NIP to be selected for RRAP aid in the absence of NIP designations;
- allow more scattered units to be rehabilitated in urban areas then had hitherto been possible under NIP criteria;
- control the requirement for RRAP funds in urban areas within the annual budgets made available;
- continue to ensure that rehabilitation work carried out under RRAP was sound and would extend the useful life of units for approximately 15 years; and
- continue to ensure that municipalities concentrated their rehabilitation activities in those parts of their communities which were in greatest need.

In May 1979 it was announced that Order-in-Council approval of rural area designations was no longer required. One of the consequence of this change was that all Indian Reservations could participate in Rural RRAP without seeking special area designations. Also, all communities on Indian Reserves, regardless of population size, were made eligible for Rural RRAP.

In May 1981 RRAP was also made available on a universal bases outside of designated areas for improvements to make a dwelling more accessible for disabled occupants.[4]

2) **Minimum Standards** - RRAP funds were to ensure that dwelling units were brought up to minimum standards of health and safety. Since RRAP was a rehabilitation, rather than a modernization or upgrading program, only dwellings which were substandard in at least one of the following four areas qualified for assistance when the program was first introduced: plumbing, electrical, heating and structure. Shortly afterwards, fire safety was added and later improvements to make units accessible for the disabled were included. Repairs were to conform to locally or provincially established standards, provided that the results would ensure a further 15-year life for the dwelling.

3) **Income Ceilings** - These ceilings, established by CMHC and applied nationally, facilitated the targeting of RRAP loans and assistance to low and moderate income households and their periodic adjustments was one way of affecting the targeting of the program over time. Maximum income and forgiveness ceilings were initially set at $11 000 and $6 000 respectively. In June 1980, GM B 1506 increased them to $16 500 and $9 000 respectively. In November 1982, GM B 1732 increased them to $23 000 and $13 000 respectively. With changes in 1995, maximum forgiveness was available where the household income was 60% or less of CNIT for the area, and declined to zero at CNIT.

4) **Tenant Incomes** - Income ceilings did not apply to landlords, in recognition of the difficulties associated in getting income information from their tenants. In lieu of having such information, targeting to low and moderate income households was achieved on the basis of the assumption that any rental properties in designated (low-income) areas would by their very location be occupied by low-income households

5) **Private Rooming Houses** - In early 1979 private owners of rooming houses were given access to RRAP loans. Previously this facility was only available to non-profit corporations and co-operatives. Because of restrictions on government spending at the time this policy was announced, the program was also modified such that repayable loans for rooming houses were to come from private sources with forgiveness provided by CMHC.[5]

August 16, 1973, p. 2.

[4] CMHC, *Residential Rehabilitation Assistance Program Evaluation 1986*, p. 63.

[5] CMHC, *Rental (Urban) Rooming House Guidelines* (Ottawa: General Memorandum B 1398 August 4, 1979).

6) **Accessibility** - In May 1981 the criteria for eligibility under Rental RRAP were also expanded to include improvements to make units more accessible for disabled occupants. Prior to this time such improvements were only eligible for loans but not for forgiveness assistance.

7) **Rental Agreements** - Landlord eligibility for loans and forgiveness dependent on their entering into an agreement establishing fair rentals which provided for adjustments due to fluctuations in taxes and reasonable increases in operating costs. Tenant income limitations for rental properties were not proposed as a basis of loan eligibility.[6]

8) **Rental Project Viability** - Administrative experience prior to 1979 had pointed out the need for more explicit guidelines in order to ensure the viability of rental housing projects prior to RRAP loan commitment. The larger size of some rental loan applications were more complex for delivery agents to deal with and there were concerns that the benefits of the forgivable part of the loan received by non-resident owners, were not being passed on to tenants. To address this and also to safeguard the Corporation's security position more definite lending guidelines were introduced which required project viability analysis to be undertaken prior to RRAP loan approvals. This appraisal viability test, to be applied to all urban and rural rental projects, was based on the post-rehabilitation rental structure. It ensure it that projects would continue to be viable and that the maximum rentals after rehabilitation were at or below market rentals.[7]

9) **Private Financing** - In May 1978, CMHC announced that new non-profit projects which involved the acquisition and rehabilitation would no longer use RRAP but receive all their financing under the new 1986 Non-Profit Housing Program. This shortly stirred a significant outcry from non-profit and co-operative housing groups who found the financing package under their new programs inadequate in many cases to support acquisition rehabilitation initiatives. As a consequence, Non-Profit RRAP was again made available, a policy which continued until the early 1980s.

   In 1981 eligibility for Non-Profit RRAP was extended to public non-profit housing corporations owned by municipalities or provinces.[8]

10) **Non-Profit Income Ceilings** - Income ceilings also did not apply to non-profit associations and housing co-operatives which were already expected to be serving low and moderate income households. These eligibility criteria remained in place until the 1986 program changes took effect.

11) **Non-Profit Agreements** - Initially non-profit sponsors and co-operative societies were not required to accept post rehabilitation rent controls on the assumption that they would try to keep their rents as low as possible and operate on a break-even basis. Later in 1973 this policy was clarified as only being available to the owners of projects funded under the social housing programs introduced in 1973 where operating agreements to control rents were already in place. In cases where there was no such agreement, a RRAP operating agreement was to be required.[9]

Notes - RRAP Eligibility - (1986-1994)

1) **Universal Access** - All households in core housing need living in substandard dwellings were to have equal access to social housing assistance irrespective of their geographic location.

2) **Targeting to Core Need** - The fundamental principal underlying the post 1985 social housing programs was that all federal social housing assistance must be targeted to households in core housing need. A household was considered to be in core housing need if it resided in a dwelling which did not meet a

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[6] CMHC, *Rental (Urban) Rooming House Guidelines* (Ottawa: General Memorandum B 1398 August 4, 1979), p. 2?.

[7] CMHC, *RRAP Project Viability* (Ottawa: General Memorandum B 1372 April 4, 1979)

[8] CMHC, *Residential Rehabilitation Assistance & Non-Profit, Co-operative and Limited Dividend Projects* (Ottawa: General Memorandum B 1618 April 23, 1981).

[9] CMHC, *RRAP* (Ottawa: General Memorandum B 804 December 17, 1973), Attachment p. 4.

national norm with respect to affordability, suitability and adequacy.[10] As well, to be considered to be in core housing need, the household must have insufficient income to solve its own housing problem.

3) **Hostels and Rooming Houses** - In April 1988, following a review of alternatives for meeting the housing needs of the homeless, CMHC implemented changes which permitted the targeting of a portion of Rental RRAP to hostels and rooming houses in recognition of the poverty of many of the occupants of such accommodation.

   Related eligibility requirements included: rents for bed/units must have an identifiable shelter component to allow comparison to the appropriate average market rents for the purpose of determining the amount of RRAP assistance. Also, the accommodation must be permanent, meaning that no time limit is placed on the term of occupancy. Residential care facilities, hospitals, nursing homes and student housing was not eligible.

Notes - RRAP Eligibility - (1995-2000)

1) **Crowding** - Households occupying crowded dwellings in urban areas were made eligible in 1995 for RRAP assistance for the purpose of constructing additions to provide more livable space.

2) **House Value Thresholds** - Homeowner eligibility rules were tightened to require the value of a homeowner applicant's property to be below a House Value Threshold (HVT) established by CMHC. This was the chosen way to take an applicants wealth into account in achieve greater "vertical" equity under the program. Eligible properties had to be valued below a House Value Threshold defined by CMHC which was to reflect the average price of modest type housing, e.g. Census Metropolitan areas of Toronto, Vancouver and Victoria $250,000; major census areas and other desert communities including Labrador, Northern Quebec, NWT and Yukon $175,000; and all other areas in Canada $125,000.

3) **Rental RRAP Reinstatement** - Rental RRAP when reintroduced in 1995 offered assistance to landlords of affordable housing to pay for mandatory repairs to self-contained and units occupied by low income tenants. The landlord was eligible if the household incomes of their tenants were below the CNIT for the area subject to the landlord also entering into an agreement that assured that the rents would remain affordable and that the units receiving assistance would continue to be occupied by low income households.

   Rooming Houses - The separate rooming house hostel component recognized that providing permanent accommodation to occupants in these facilities were often the lowest cost housing alternative for the homeless. It also allowed those jurisdictions with substantial rooming house stock to place priority on bringing these units up to health and safety standards

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[10] Housing problems were defined in terms of failures to meet any or all of the following adequacy, suitability and affordability standards:
Adequacy standard - A dwelling was deemed to be substandard if it was perceived by its residents to be in need of major repairs (for example, if there was defective plumbing or electric wiring or structural repairs needed to the walls, floors or ceilings), or if it was lacking adequate, functioning bathrooms facilities;
Suitability standard - A dwelling was deemed to be substandard, and thus was crowded, if you are bedrooms were available to the household that was prescribed in the National
Occupancy Standards (NOS). The NOS recommended that each adult in the household have of private bedroom, unless cohabiting with a spouse, in which case at bedroom could be shared with a spouse. The maximum of two children of the same-sex could share bedroom and children of opposite sex could share a bedroom only if they were less than five years of age. Although they NOS was not explicit about bachelor units, it would be unfair interpretation to say that -- their unit was suitable for one-person household.
Affordability standards - A dwelling was deemed to be substandard if 30 percent or more of the household income was used to acquire shelter. For tenant households, shelter costs were ran, water and heat charges. Heat charges could be for electricity, boil, natural gas or all three; four space or water heating or both, and could be included in the rent or paid separately.

Differences and program design between Rental and Rooming House RRAP recognized the low rental rooming houses generally serve those who were well within core need and therefore, targeting was assured without income testing of the tenants. However, governments at any level, Indian Band members and landlords renting to relatives were all considered ineligible to receive funding under these two program components.

4) **Forgiveness Income Limits** - After consultation with the Assemble of First Nations, CMHC agreed that the House Value Thresholds and Core Need Income Thresholds were not applicable On-Reserve. However, in order to determine the applicable level of forgiveness for clients living On-Reserve Forgiveness Income Limits (FILs) were developed.

5) **RRAP Disabled Targeting** - Applicants for RRAP PWD were no longer exempted from having to have household incomes below CNIT. Under the 1995 program changes, they were treated as other eligible homeowner who were required to have incomes below CNITs and house values below CMHC House Value Thresholds to qualify for program benefits. Similarly, only landlords intending to rent to households with incomes below CNITs where both pre and post RRAP rents were below the median market rent for the area were eligible.

Figure B2
Benefits - Comparative Summary
Homeowner & On-Reserve RRAP Loan & Forgiveness Determination

Parameters	1973 - 1985 Program	1986 - 1994 Program	1995 - 2000 Program
A. Client Provided Information			
1) Cost of Repairs	• Firm estimates for the cost to complete eligible repairs and improvements.[1]	• Same	• Same
2) Adjusted Income	• Household income details to be provided to determine "adjusted income" for forgiveness and repayable loan amounts.[2]	• Same	• Same
3) Shelter Costs	• Household shelter costs to be provided to determine repayable loan affordability.[3]	• Same	• Same
B. CMHC Funding Parameters			
1) Eligible Costs/Repairs	• Eligible repairs as specified in RRAP Standards.	• RRAP forgiveness restricted to substandard essential items, the cost of optional items being assumed by homeowners.	• Forgiveness assistance only available for mandatory repairs. • Repayable assistance is available for other eligible costs.
2) Maximum Loan	• Maximum Loan $(000)[4] Urb Rural 1974 - 5.0 1976 - 10.0 1984 - 10.0 25.0	• Maximum Loan $(000) Urb Rural 1986 - 10.0 25.0 • Same, and will vary according to geographic areas.	• Maximum Loan $(000) Z1 Z2 Z3 1995 - 18.0 21.0 27.0 • Additional 25% supplement available in remote, isolated areas.[1]
3) Maximum Forgiveness	• Max Forgiveness $(000)[4,5] Z1 Z2 Z3 1974 - 2.5 1976 - 3.750 1985 - 5.0 6.25 8.25 • Actual Forgiveness /a Adjusted Income $(000) Max Zero 1974 6.0 11.0 1980 9.0 16.5 1982 13.0 23.0 • Forgiveness declines to zero as adjusted incomes	• Max Forgiveness $(000) Z1 Z2 Z3 1986 - 5.0 6.25 8.25 • Actual Forgiveness Adjusted Income $(000) Max Zero 1986 13.0 23.0 • Same	• Max Forgiveness $(000) Z1 Z2 Z3 1995 - 12.0 14.0 18.0 • Additional 25% supplement available in remote, isolated areas.[1] • Actual forgiveness based on the households adjusted income and cost of mandatory repairs as a percentage of CNIT.[2] • Maximum forgiveness available at 60% or less of CNIT, declining to zero at CNIT.

Parameters	1973 - 1985 Program	1986 - 1994 Program	1995 - 2000 Program
	rise to ceiling established to determine eligibility for RRAP.[4]		• On-Reserve RRAP - Forgiveness Income Limits (FILs) applicable, not CNITs.
4) Maximum Repayable Loan	• The repayable loan to cover eligible repair costs not covered by forgiveness, will be the lesser of the maximum loan set by CMHC or an affordable loan based on a TDS ratio of 40%. • The Total Debt Service (TDS) ratio considers the households income and debt burden to determine if it can afford the repayable loan.[5]	• Same	• Same
C. Loan Terms			
1) Forgiveness earned over	• 5 Years	• Same	• 1 to 5 Years
2) Repayable loan period	• 20 Years	• Same	• 15 Years

Notes - Homeowner RRAP (1973-1985)

1) **Eligible Costs** - Clients required to get bids on the work from two contractors. The accepted bid must be within 10 per cent of the delivery agent inspector's estimated cost.

   Soft Costs - RRAP loans, up to a maximum amount adjusted from time to time, covered the cost of eligible rehabilitation or conversion work, and the preparation of drawings, tender documents and legal fees associated with the preparation and registration of mortgages where required. In September 1980, eligibility was extended to cover tenant displacement allowances to help defray costs when a rental unit could not be occupied while certain repairs were being undertaken.[11]

2) **Adjusted Family Incomes** - For homeowners, the amount of loan forgiveness available was dependent on the households adjusted family income. This was initially the aggregate gross income, in whatever form received, of the principal wage earner and the spouse. Certain deductions could be made from this gross income figure, e.g. living out or traveling amounts of family head; capital gains such as insurance settlements, interest expenses, sale of effects; earnings of the working spouse, up to a specified amount, allowance for each dependent child, etc. These deduction changed over time.

3) **Shelter Costs** - These household payments included: mortgage principal and interest; property taxes; principal and interest for the repayable portion of the RRAP loan; principal and interest for other loans for the purchase, repair or improvement of the property; other shelter costs (utilities, insurance, etc.); and payments for car loans, personal loans, and installment purchases.

4) **Increased Loan and Forgiveness Limits** - In April 1976, CMHC General Memorandum B 1084 extended RRAP HO loans and forgiveness maximums from $5 000 and $2 500 to $10 000 and $3 750 respectively.

[11] CMHC, *RRAP - Tenant Displacement Program* (Ottawa: General Memorandum B 1538 September 22, 1980).

The method by which borrowers with incomes over $6 000 could obtain maximum forgiveness was changed to provide a disincentive to partial rehabilitation. Borrowers could maximize their assistance only if they obtained a loan to cover all rehabilitation. Households with incomes of $6 000 or less qualified for full forgiveness. For costs between $2 500 and $3 750 the forgivable portion was to be the same percentage of the costs as the applicant was entitled to in the case of the first $2 500. For example, it the household income was $8 000 and repair costs $3 200:

1st	$2 500 of cost	- $1 500 (60%) forgivable	$1 000 repayable
2nd	$ 700 of cost	- $ 420 (60%) forgivable	$ 280 repayable
Total	$3 200 of cost	- $1 920 (60%) forgivable	$ 1 280 repayable

5) **Forgiveness Level Zones** - The level of forgiveness for Rural RRAP was established at the same level as Urban RRAP for its first decade. Then in 1984, major modifications were approved for Rural RRAP which reflected the higher costs and lower incomes of recipients in rural areas. Three geographical zones were established for determination of maximum homeowner forgiveness. In Zone 1, generally the Atlantic provinces and the southern half of the other six provinces, forgiveness remained at $5,000, the same level as Urban RRAP at the time. Zone 2 included the northern half of the provinces where additional forgiveness was available to $6,250. Zone 3 was the two northern territories, northern Quebec and Labrador where forgiveness of $8,250 was available. In all zones, the maximum loan available under RRAP was increased to $25,000. The additional assistance for disability work was also available.

6) **Total Debt Service Ratio** - The total debt service (TDS) ratio was a guide to determining the applicant's ability to pay back any repayable loan portion involved in financing the rehabilitation. The ratio was calculated as the total of all annual payments pertaining to the property and those which represent fixed payments over time divided by the gross annual income. A guideline TDS ratio of 40 percent was set to indicate the situation which might present too great a burden on the applicant. The agent reviewed the TDS ratio and also took into account the household situation to determining if the RRAP loan payments could be met within the household budget.

Notes - Homeowner RRAP (1986-1994)

1) **No changes** - The benefits under Homeowner and On-Reserve RRAP did not change with the new directions in 1985.

Notes - Homeowner RRAP (1995-2000)

1) **Special Loan and Forgiveness Supplement** - An additional 25 percent supplement was also available to both the maximum loan and the maximum forgiveness and areas defined as remote. Remote areas were defined as communities (on or off reserve) and RRAP zones 2 and 3 with populations equal to or less than 2,500 that did not have year-round road, rail or fairy access.

2) **Maximum Assistance** - Forgivable assistance based on household income as a percentage of the Core Need Income Threshold (CNIT) of the applicable area.

3) **Adjusted Incomes based on HIFE Definition** - To determine the level of applicable assistance, the adjusted household income was expanded to be based solely on the definition used under the other post 1985 social housing programs (i.e. based on Household Income, Facilities and Equipment or HIFE.

Figure B3
Benefits - Comparative Summary
Rental RRAP Loan & Forgiveness Determination

Parameters	1973 - 1985 Program	1986 - 1984 Program	1995 - 2000 Program
A. Client Provided Information			
1) Cost of Repairs	• Eligible costs include repairs & improvements based on contractor bids plus soft costs.	• Same	• Same
2) Project Rents	• No income limitations. • Post RRAP rent controls through agreement.	• Confirmation that post RRAP rents must be below Average Market Rents.	• Confirmation that pre and post RRAP rents to be below median market rents.
3) Tenant Incomes	• N A	• N A	• Confirmation that tenants have incomes below CNIT before and after RRAP.
B. CMHC Funding Parameters			
1) Eligible Repairs Costs (RRAP Standards)	• Eligible repairs as specified in RRAP Standards. • Work to improve external appearance of dwelling eligible.	• Same • Not eligible	• Same • Not eligible.
2) Maximum Loan	• Maximum Loan $(000) u Unit Bed Urb Rural Rental Units 1974 - 5.0 1976 - 10.0 1985 - 10.0 25.0 Hostel Beds 1985 - 4.0 • Landlords eligible for the maximum loan based on the number of units or hostel domitory beds in the building.	• Max residual loan $25,000.	• Landlord must cover the cost of mandatory repairs in excess of the maximum forgiveness loan available.
	• In 1979 landlords were required to secure their capital financing from private lenders, CMHC would lend on a residual basis in rural areas.	• Same	• Same
3) Maximum Forgiveness	• Max Forgiveness $(000) u Z1 Z2 Z3 Rental Units 1974 - 2.5 1976 - 3.75 1978 - 2.5	• Max Forgiveness $(000) u Z1 Z2 Z3 Rental Units 1985 - 12.0 12.0 12.0 Rooming House 1985 - 6.0 6.0 6.0	• Max Forgiveness $(000) u Z1 Z2 Z3 Rental units 1995 - 18.0 21.0 27.0 Rooming House 1995 - 12.0 14.0 18.0

Parameters	1973 - 1985 Program	1986 - 1984 Program	1995 - 2000 Program
	1982 - 3.5 3.5 3.5 - - - Rooming Houses 1879 - 1.25 < 4 beds 2.00 > 3 beds 1982 - 1.75 < 4 beds 2.5 > 3 beds •Landlords eligible for maximum forgiveness based on the number of units or hostel domitory beds in the building.	• Average loan forgiveness within CMHC established maximum depends on the total cost of the work and the post RRAP rents. • Actual forgiveness depends on the relationship of the estimated post RRAP rents to average market rents, in accord with Assistance Factor table, e.g. post RRAP rents at 50% of AMRs get full forgiveness and at 125% get o forgiveness..	• Only the cost of mandatory repairs for units occupied by tenants with incomes below CNIT eligible. • Additional assistance available in remote isolated areas. • Up to 100% of the eligible cost of converting nonresidential properties to residential apartments or bed units, up to the max forgivable loan available.
C. Loan Terms			
1) **Forgiveness earned over**	• 5 years	• Same	• 4-15 Years
2) **Repayable loan period**	• 20 Years	• N A	• N A

Figure B4
Benefits - Comparative Summary
Non-Profit RRAP Loan & Forgiveness Determination

Parameters	1973 - 1985 Program		
A. Client Provided Information			
1) Cost of Repairs	• Firm estimates for the cost to complete eligible repairs and improvements.		
2) Project Rents	• Post RRAP rent controls only for sponsors without operating agreements with CMHC.		
3) Tenant Incomes	• N A		
B. CMHC Funding Parameters			
1) Eligible Repairs/Costs (RRAP Standards)	• Eligible costs include repairs & improvements based on contractor bids plus soft costs. • Self-contained and hostel/domitory units eligible. • Conversion of existing residential buildings into a greater number of housing units/hostel beds eligible. • Eligible repairs as specified in RRAP Standards.		
2) Maximum Loan	• Maximum Loan $(000) u Unit Bed Urb Rural 1974 - 5.0 1.0 1985 - • Non-Profits eligible for the maximum loan based on the number of units or hostel/domitory beds in the building. • CMHC direct loans available at a beneficial interest rate.[1] • In 1979 Non-Profits were required to secure their capital financing from private lenders, CMHC would lend on a residual basis in rural areas. • Maximum loans established by CMHC and periodically adjusted.		

Parameters	1973 - 1985 Program		
3) Maximum Forgiveness	• Max Forgiveness $(000)/u Z1 Z2 Z3 Units 1974 - 2.5 1985 - 5.0 Hostel units and beds 1974 - 0.5 1981 - 1.25 < 4 beds 2.0 > 3 beds • Maximum forgiveness established by CMHC. • Sponsors eligible for maximum forgiveness based on the number of units or hostel domitory beds in the building.		

C. Loan Terms

1) Forgiveness earned over	• 5 years
2) Repayable loan period	• 20 Years

Notes - Non-Profit RRAP (1973-1985)

1) In April 1981, projects proceeding under Non-Profit RRAP were also required to seek private lender financing for their repayable RRAP loans.

Figure B5
Benefits - Comparative Summary
RRAP for Persons with Disabilities - Loan & Forgiveness Determination

Parameters	1973 - 1985 HO & Rental Program	1986 - 1994 Program	1995 - 2000 Program
A. Homeowner and Landlord Client Provided Information			
1) Cost of Repairs	• Firm estimates for the cost to complete eligible repairs and improvements to both eligible RRAP work and improvements for a disabled person.	• Firm estimates for the cost to complete eligible repairs and improvements to a dwelling occupied or intended to be occupied by disabled persons plus acceptable soft costs.	• Same
2) Adjusted Income	• Household income details to be provided to determine "adjusted income" for forgiveness and repayable loan amounts.[2]	• Same	• Same
3) Shelter Costs	• Household shelter costs to be provided to determine repayable loan affordability.[3]	• Same	• Same
B. CMHC Funding Parameters			
1) Eligible Repair/Costs	• Eligible repairs as specified in RRAP Standards.	• The cost of approved accessibility modifications.	• Forgiveness assistance only available for mandatory repairs. • Modifications must relate to housing and be reasonably related to the disabled occupants disability.
2) Maximum Loan	• Maximum Loan $(000) u Urb Rural 1985 - 3.0 3.0 • Maximum loans established by CMHC and periodically adjusted.	• Maximum Loan $(000) u Urb Rural 1986 - 10.0 10.0 On residual basis.	• Maximum Loan $(000)/u Z1 Z2 Z3 1995 - HO & Landlord 18.0 21.0 27.0 • Additional 25% supplement available in remote, isolated areas.[1]
3) Maximum Forgiveness	• Max Forgiveness $(000)/u Z1 Z2 Z3 1985 - Homeowner 1.5 1.5 1.5 Landlord Units 1.5 1.5 1.5 Beds	• Max Forgiveness $(000)/u Z1 Z2 Z3 1986 - Homeowner 5.0 5.0 5.0 Landlord Units 5.0 5.0 5.0 Beds	• Max Forgiveness $(000) u Z1 Z2 Z3 1995 - Homeowner 12.0 14.0 18.0 Landlord Units 18.0 21.0 27.0 Beds

Parameters	1973 - 1985 HO & Rental Program	1986 - 1994 Program	1995 - 2000 Program
	0.5 0.5 0.5	2.5 2.5 2.5	
	• Actual Forgiveness @ Adjusted Income $(000) Max Zero 1985 13.0 23.0 • Forgiveness declines to zero as adjusted incomes rise to ceiling established to determine eligibility for RRAP.	• Actual Forgiveness Adjusted Income $(000) Max Zero 1986 23.0 33.0 • Same	• Additional 25% supplement available in remote, isolated areas.[1] • Actual homeowner forgiveness based on the adjusted income and cost of mandatory repairs as a percentage of CNIT.[2] • Maximum forgiveness available at 60% or less of CNIT, declining to zero at CNIT. • On-Reserve RRAP - Forgiveness Income Limits (FILs) applicable, not CNITs. • For landlords, 100% forgiveness is available up to max loan on units occupied by tenants with incomes below CNIT & rooming houses with rents below established levels.
4) Maximum Repayable Loan	• The repayable loan to cover eligible repair costs not covered by forgiveness, will be the lesser of the maximum loan set by CMHC or an affordable loan based on a TDS ratio of 40%. • The Total Debt Service (TDS) ratio considers the households income and debt burden to determine if it can afford the repayable loan.[5]	• Same	• N/A
C. Loan Terms			
1) Forgiveness earned over - HO - LD	• 5 Years • 5 Years	• Same	• 1 to 5 Years
2) Repayable loan period - HO - LD	• 20 Years	• Same	• N/A

Notes - RRAP PWD (1973-1985)

1) During the period 1973 to 1985 accessibility work became eligible for loans and forgiveness as part of the Homeowner and Rental RRAP programs.

Figure B 6
RRAP Income Limits, and Loan and Forgiveness Maximums

Policy Date & Ref. (Notes)	Program	Eligibility	Maximum Loan		Maximum Forgiveness		Source
		Income Ceilings for Loan - Max Forgiveness	Rehab Work	Access Work	Rehab Work	Access Work	CMHC Policy
13/08/73	U HO	$11 000 - $6 000	5 000		2 500		GM B
(1)	U R Apt.		5 000		2 500		775
	N-P Apt		5 000		2 500		
	N-P Bed		1 000		500		
19/05/76	U HO		10 000		3 750		GM B
(2)	U R Apt		10 000		3 750		1084
12/05/78	U R Apt		10 000		2 500		GM B
(3)							1279
04/07/7	U R Bed <4				1 250		GM B
(4)	U R Bed >3				2 000		1398
26/06/80	U HO	$16 500 - $9 000					GM B
							1506
23/04/81	N-P Apt				2 500		GM B
(5)	N-P Bed <4				1 250		1618
	N-P Bed >3				2 000		
22/11/82	HO	$23 000 - $13 000	10 000	3 000	5 000	1 500	GM B
(6)	R Apt				3 500	1 500	1732
	R Bed <4				1 750	500	
	R Bed >3				2 500	500	
/02/84	HO Z 1		10 000U		5 000	1 500	86 RRAP
(7)	HO Z 2		25 000R		6 250	1 500	Evaluation
	HO Z 3				8 250	1 500	Page 12
12/12/85	R Apt				12 000		Minister
(8)	R Bed				6 000		A National
	HO PWD	$33 000 - 23 000		10 000		5 000	Direction for
	R PWD Apt					5 000	Housing
	R PWD Bed					2 500	Solutions
/95	HO/OR Z 1	Max forgiveness	18 000		12 000		1995
(9)	Z 2	available at 60% of	21 000		14 000		SHAR
	Z 3	CNIT/FIL, declining	27 000		18 000		(Social Housing Annual Review)
		to 0% at CNIT/FIL.	+ 25%*		+ 25%*		
	R Apt Z 1	Incomes below			18 000		
	Z 2	CNIT & before after			21 000		
	Z 3	rents below MMRs.			27 000		
	R Bed Z 1				12 000		
	Z 2				14 000		
	Z 3				18 000		
	RRAP PWD			Same as HO rehab work.		Same as HO, R Apt & R	

Policy Date & Ref. (Notes)	Program	Eligibility	Maximum Loan		Maximum Forgiveness		Source
		Income Ceilings for Loan - Max Forgiveness	Rehab Work	Access Work	Rehab Work	Access Work	CMHC Policy
						Bed rehab work.	

See Reference Notes on the Next Page

General Notes -

HO	- Homeowner
R Apt	- Rental Apartment
R Bed	- Rental Hostel Bed
PDW	- Accessibility work for Persons with Disabilities
Z 1, 2 & 3	- Zones 1, 2 & 3 (See note # 7 below)
*	- 25% supplement for remote locations

Reference Notes -

1. $1. of forgiveness for every $2. Of income over $6,000 to a maximum of $12,000 per year. Upon completion, units to be occupied by not less than two persons, one of which is an adult, and the other a dependent child of the adult.
2. Method changed on how a borrower with an income over $6,000 might obtain maximum forgiveness. To create a disincentive for partial rehabilitation, borrowers were only allowed to maximize assistance if a loan was obtained to cover the cost of all rehabilitation work. Before, full forgiveness was available before any repayable loan was taken. Also for rental loans, forgiveness was no longer available in its entirety ahead of the repayable portion of loans. The share of forgiveness a landlord would be entitled to was to vary with the cost of rehabilitation. The rate at which forgiveness for landlord loans would be forgiven was to depend on the rehabilitation cost per unit. The higher the cost, the more the forgiveness.
3. Rental properties (excluding Non-Profit) now eligible for maximum loans of $10 000 per family housing unit, of which 50% of the first $5 000 can be forgiven up to a maximum of $2 500 per unit.
4. Rental properties (excluding Non-Profit) now eligible for forgiveness of 50% of eligible repair costs to $1,250 for each of the first three bed/units and 50% of eligible repair cost to $2,000 for each additional bed/unit.
5. Forgiveness limits applicable to RRAP P extended to RRAP NP (including eligible Non-Profit and Limited Dividend companies operated by charitable groups, and continuing Co-operatives). In addition, projects being acquired with assistance under NHA section 95 (formerly 56.1) qualify for assistance at the time of acquisition for maximum forgivable loans of $3 750 per self-contained unit.
6. Maximum homeowner loans were $13 000 when both repair and accessibility work was also being undertaken.
7. In 1984, three geographic zones were established for determining maximum homeowner forgiveness. Zone 1 was the Atlantic provinces and the southern half of the other six provinces. Zone 2 included the northern half of the provinces. Zone 3 was the two northern territories, northern Quebec and Labrador. This was to ensure that all such areas subject to abnormally high transportation costs and problems with lack of skilled trades were eligible for higher assistance, regardless of whether located in a southern or northern areas.
8. These changes represented the New Directions for Housing Solutions announced by the Minister responsible for CMHC in late 1985 and which became known as the "post 85 program".
9. These changes represent the major improvements introduced by the Government in 1995. Note that loan forgiveness under Rental RRAP now also varied in Zones 1, 2 and 3.

Appendix C

Provincial Program Variations & F/P/T Cost-Sharing

Provincial Program Variations (1998/1999)[12]

Home Repair Program (Newfoundland)

The Provincial Home Repair Program consists of two components, a Home Renovation Program (HRP) and an Urgent Response Program (URP). The HRP assists households with incomes below the HILs who own and occupy substandard housing, to repair of renovate their dwellings to correct fire and life safety deficiencies to make existing housing accessible to persons with disabilities, or carry out modifications that will assist seniors who experience difficulties in daily living to remain in their homes for longer periods. The URP assists social assistance recipients with emergencies which threaten the continued occupancy of the dwelling.

Assistance is provided as a loan or a grant depending on the income and cost of eligible repairs. The maximum repayable loan amount is $10 000 and the maximum grant is $5 000. Disabled households can access funding in both program components and double the maximum assistance to which they are eligible.

F/P Repair Program (New Brunswick)

The F/P Repair Program offers assistance to low-income homeowners occupying existing substandard housing to repair, rehabilitate or improve their dwellings to a minimum level of health and safety. Assistance is also available to improve the accessibility of homeowner or rental units for persons with disabilities, to undertake adaptations for low income seniors who have difficulty with daily living activities in the home and to assist eligible households to accommodate an aging parent (this latter benefit is not eligible for federal support). Assistance is provided as a loan, all or part of which is forgivable. While there are no ceilings on the loan amount, the maximum forgiveness portion is $5 000 per unit. Landlords are eligible for a forgivable loan only. All assistance is targeted to households with incomes below Housing Income Limits.

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[12] CMHC, *CMHC's Renovation Programs: Fiscal Year Activity 1998/99*, p. 15.

Revitalization (Quebec)

The objective of this program is to revitalize older districts in urban centres. The program provides financial assistance to owners of homes, rental buildings and rooming houses where there are major repair defects or do not meet municipal by-laws. The program is different from RRAP in that the parameters are set by each of the participating municipalities within the boundaries established by the Provincial Housing Authority. In addition, no income limit is imposed on the occupants of the properties benefiting from the program. However, under the agreement reached with the province, the share of the funds corresponding to the federal share of the budget must be allocated to households whose incomes are below Core Need Income Thresholds (CNITs). As well, the maximum federal/provincial assistance per housing unit is $13 500.

Programme d'adaptation de domicile (Quebec)

The objective of this program is to assist persons with disabilities by providing financial assistance to pay the cost of modifications necessary to ensure properties are accessible and adapted to their needs. The maximum assistance is $16 000 for a homeowner household, $8 000 for a renter household and $4 000 for a household renting a room. The maximum assistance eligible for cost-sharing is $12 000. In addition, the program is not targeted to households according to their income, however, all federal assistance must go to households whose incomes are below CNITs.

Réno Village (Quebec)

This program is aimed at providing assistance to modest-income homeowners in rural areas to enable them to repair major defects on the dwellings. The program is similar to the federal Homeowner RRAP but is available in rural areas only. In addition, the income limit to benefit from this program generally varies from $25 000 to $33 000. The subsidy may attain 90 percent of the cost of eligible work, up to a maximum of $6 500. A minimum cost in the order of $2 000 is also required. As in the case of the other two programs in Quebec, federal funds are fully targeted to households with incomes below CNITs.

Accés Logis (Quebec)

Funds for SEP and RRAP Conversion in Quebec are delivered through Accés Logis. This program may be used to create social housing for low income people, housing for dependent seniors and special purpose housing for people with special needs who require temporary or permanent housing. A fourth program component was added to include SEP, and all CMHC SEP and Conversion RRAP parameters otherwise apply.

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Provincial/Territorial Participation

Provinces/territorial participation, in terms of cost sharing was not a feature of RRAP in the 1973-1985 period. Throughout the post 1985 period, such participation was offered, subject to minimum contributions of 25 percent towards program costs. The intent of this requirement was to increase the overall housing budget and consequently the number of units assisted. **Figure C 1 shows provincial/territorial participation in RRAP over the post 1985 period.**

Figure C 1

RRAP Cost-Sharing Arrangements

(HO) Homeowner, (R/RH) Rental/Rooming House, (PWD) Persons with Disabilities, & (C) Conversion

Province/ Territory	Program	Year															NT
		86	87	88	89	90	91	92	93	94	95	96/97	97/98	98/99	99/00	00/01	
NFLD	HO	84/16	80/20	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	50/50	50/50	50/50	1
	R/RH	84/16	80/20	75/25						75/25	75/25	75/25	75/25	N/D	N/D	N/D	
	PWD	84/16	80/20	75/25	75/25	75/25					75/25	75/25	75/25	55/45	56/44	56/44	
	C														100/0	100/0	
PEI	HO	100/0	100/0	100/0						75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	R/RH	100/0	100/0	100/0						N/D	N/D	N/D	75/25	N/D	75/25	75/25	
	PWD	100/0	100/0	100/0						75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	C														75/25	75/25	
NS	HO	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	R/RH	100/0	100/0	100/0						75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	PWD	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	C														75/25	75/25	
NB	HO	75/25	75/25	75/25		75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	2
	R/RH	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	PWD	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	C														75/25	75/25	
QUE	HO	50/50	50/50	50/50		50/50	57/43	57/43	57/43	53.5/ 46.5		75/25	75/25	75/25	75/25	75/25	
	R/RH					75/25				50/50	50/50	75/25	75/25	75/25	75/25	75/25	
	PWD					75/25				50/50	50/50	75/25	75/25	75/25	75/25	75/25	
	C														N/D	N/D	
ONT	HO	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	R/RH	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	PWD	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	C														100/0	100/0	
MAN	HO	100/0	100/0 Urb 75/25 Rur	100/0									100/0	100/0	75/25	75/25	

Province/ Territory	Program	Year															NT
		86	87	88	89	90	91	92	93	94	95	96/97	97/98	98/99	99/00	00/01	
	R/RH	100/0	100/0	100/0		75/25							100/0	100/0	75/25	75/25	
	PWD	100/0	100/0	100/0									100/0	100/0	75/25	75/25	
	C														75/25	75/25	
SASK	HO	75/25	100/0	100/0						75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	R/RH	75/25	100/0	100/0									100/0	75/25	75/25	75/25	
	PWD	75/25	100/0	100/0						75/25	75/25	75/25	75/25	75/25	75/25	75/25	
	C														N/D	N/D	
ALTA	HO	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	R/RH	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	PWD	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	C														100/0	100/0	
BC	HO	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	R/RH	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	PWD	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	100/0	
	C														100/0	100/0	
YKON	HO	100/0	100/0	100/0				75/25	75/25				100/0	100/0	N/D	N/D	
	R/RH	100/0	100/0	100/0						N/D	N/D	N/D	100/0	100/0	N/D	N/D	
	PWD	100/0	100/0	100/0									100/0	100/0	75/25	75/25	
	C														100/0	100/0	
NWT	HO	100/0	100/0	100/0									100/0	100/0	N/D	N/D	
	R/RH	100/0	100/0	100/0									100/0	N/D	N/D	N/D	
	PWD	100/0	100/0	100/0									100/0	100/0	75/25	75/25	
	C														N/D	N/D	
NV	HO														N/D	N/D	4
	R/RH														N/D	N/D	
	PWD														100/0	100/0	
	C														100/0	100/0	

Notes Canada

- N/D - No planned delivery
- Costs of RRAP On-Reserve borne fully by the federal government.
- RRAP for Conversions was introduced in 1999 for delivery in 1999/2000.

1) Newfoundland
98/99 + Budgets for HO and RRAP PWD were delivered under the province's Home Repair Program.

2) New Brunswick
1986 - CMHC and New Brunswick agreed to cost-share contributions and delivery costs for RRAP and the province's Home Improvement Loan (HIIL) programs on a combined 75/25 percent basis.
98/99 + Budgets for HO and RRAP PWD were delivered under the F/P Repair Program.

3) Quebec
91, 92 & 93 Shared 75/25 for RRAP RNH and 50/50 for RRAP non-Native.
1. CMHC assumed 100% of the cost of ____ and SHQ covered 100% of the cost of _____. SHAR 1993
94 & 95 Modified retroactively to 53.5/46.5 percent to reflect the actual participation of both governments.
96/97 & 97/98 Budgets for RRAP programs in Quebec were delivered under the province's Revitalization Program.
98/99 Budgets for HO, Disabled and Rental & Rooming House RRAP were delivered under Réno Village, PAD and Revitalisation.

4) Nunavut
Became a Territory in 1999.

Appendix D

Available Publications & Research

CMHC has become Canada's largest publisher of housing information and also, through its Canadian Housing Information Centre (CHIC), has Canada's most comprehensive selection of information about homes and housing. This Appendix, which is divided into two parts, describes the publications and research reports which are currently available through CHIC to support housing rehabilitation programs specifically and housing renovation in general. The first part provides brief descriptions of the publications that are currently available to the public. These are well presented technical guidelines on specific subjects that are expected to be of interest to homeowners and landlords contemplating or planning to undertake rehabilitation, and to the renovators who hope to do the work. These publications will help their readers benefit from CMHC's housing expertise and make informed and cost-effective decisions.

CMHC also supports leading-edge research to improve the quality and affordability of housing. The second part lists over 60 research reports that deal with various aspects of rehabilitation and renovation. Information is also provided at the end of Appendix E on how to get copies of the publications and research reports.

PUBLICATIONS

Home Renovation

Renovating Distinctive Homes: 1 1/2 Post-War Homes

This special Renovating Distinctive Homes edition was specifically designed to tell you everything you need to know about renovating a 1 1/2 story post-war home. You will learn all about the unique characteristics of these homes, how they were developed, designed and built. It describes the renovation process from concept to completion, with detailed drawings; Renovation Planning Worksheets; Vision Worksheet; House Inspection Checklists; and layout tools to assist you.

Renovating Distinctive Homes guide is just the beginning. CMHC carries these publications to help you with your home renovation/building projects:

Canadian Wood-Frame House Construction

The national best-seller on building wood-frame houses in Canada. A field companion for builders and renovators alike, this richly illustrated, step-by-step guide covers everything

from breaking ground to finishing touches. It is a superior learning tool and essential job-site reference. The guide conforms to 1995 National Building Code requirements; includes new illustrations and handy sizing tables; presents metric and imperial measurements; planning ahead and checking back notes; plus Healthy Housing tips. Convenient lay-flat binding. Revised 1998. Order #503 1 E

Glossary of Terms

The A-Z of housing terms! Do you know a beam from a truss? A sash from a sill? This useful housing dictionary lists more than 1,200 up-to-date definitions and provides the French term for each. Revised 1997. Order # 1165 E

Please visit the About Your House Series on our Web site for more information on home renovation at: www.cmhc-schi.gc.ca

Homeowner's Inspection Checklist

Keep your home healthy all year round! The comfort, health and security of your family depend on the health of your home. With this practical, easy-to-follow guide for homeowners, do-it-yourself renovators and homebuyers, you'll be able to make sure your home is safer, more energy efficient and more comfortable all year round, in as little as a few minutes a week.

Inside, you'll find illustrated "how-to" tips for every room of your house on the most common problems to look for and their most effective solutions, plus our handy Homeowner's Evaluation Tool and basement-to-roof Maintenance Calendar to help you stop potential problems before they begin. Whether you're buying a new home, renovating your current house or simply want to keep your home healthy and secure for years to come, the Homeowner's Inspection Checklist will help you protect your most important investment inside and out!

Building Solutions: A Problem Solving Guide for Builders and Renovators

Designed to guide the apprentice and advise the master builder-and for every skill level in between - Building Solutions states the problem, identifies the cause and provides solutions; giving you all the information you need to prevent problems. (1998, 275 pages) Order # 2004E

Renovator's Business Guide

If you want to succeed in the renovation business, you can't afford to be without this comprehensive guide! Everything the professional needs to know to run a profitable business-business planning, financial management, human resources, sales and marketing,

costing and estimating, managing the job, customer relations and staying on top of a changing industry. (1995, 184 pages) Order # 2018E

Renovator's Technical Guide

This guide is a whole new way of approaching renovation projects, using the House-As-A System approach developed by CMHC. This approach considers how all systems in a house interact and how a renovation to one system can affect another. This is a resource that builders and renovators cannot afford to be without. Put it together with the Renovator's Business Guide and you have an unbeatable renovation business combination at your fingertips. (1998, 235 pages) Order # 6993 E

Habitable Attics: New Potential for an Old Idea

Moving up instead of out is an innovative way for builders and custom renovators to offer homebuyers more living space. The habitable attic was common earlier this century and it's regaining a place in today's housing market. This booklet features three truss designs that make attic living space possible and economical when ifs built into the plans. (1991, 36 pages) Order # 656S E

Effective Client Relations

Don't let poor client relations jeopardize your business. This lively demonstration, which features a renovator and client working through the job, is your step-by-step guide to a good working partnership. Great tips for homeowners hiring a renovator too! (18 min) Order # YE030

Site Improvement of Older Housing

A detailed look at the issues and problems of older home sites. For professionals and keen homeowners alike. Features 99 photographs and 59 illustrations showing specific problems and possible solutions. (1983, 72 pages) Order # 5602E

Rehabilitation

Residential Rehabilitation Assistance Program: Standards for Rehabilitation - A Guide for Inspectors and Delivery Agents

Separate publications, covering Homeowner RRAP, Rental and Rooming House RRAP, and RRAP for Persons with Disabilities, identify the type and extent of work that is eligible for funding.

CMHC Technical Builders' Bulletins:

- **The Sensible Rehabilitation of Older Houses (NHA 5204)**

- **Eligible Modifications for Disabled Persons (NHA 6810)**
- **An Introduction to Environmental Site Assessments (NHA 6787)**

Home Maintenance

Homeowner's Manual

Gain a competitive sales advantage and reduce after-sale services costs-give your clients a customized Homeowner's Manual and put all the facts about their new home at their fingertips. The Manual shows your commitment to client service-and can help you seal the deal. What could be better than your customers having a Homeowner's Manual on the spot to answer questions-so you don't have to. Each handy binder is filled with customized information on your client's home, home care, and seasonal maintenance charts, Endorsed by the Canadian Home Builder's Association. (1999, 150+ pages) Order # 2322E SPECIAL INTRODUCTORY PRICE

Home Care: A Guide to Repair and Maintenance

A complete well - illustrated guide to operating a home-from housekeeping tips to putting together a basic tool kit. from replacing a light switch to painting and controlling condensation. Ideal for anyone moving into their first home. (1985, 116 pages, 143 illustrations) Order # 5624E

Investigating, Diagnosing and Treating Your Damp Basement

Is your basement making you nervous? Can't decide whether that dampness downstairs is a minor problem or a sign of serious trouble? This popular publication can help. The award-winning design walks you through a diagnosis of your damp basement in clear easy steps: examining the symptoms, pinpointing the sources and causes, and choosing the solutions. Handy checklists to help with your decision making. (1992, 122 pages) Order # 6541 E $9.95

Cleaning Up Your House After a Flood

This pocket book is for folks with major water damage such as plumbing breaks, sewer backups, flooding, or the after-effects of a house fire. Small but mighty, it delivers the serious goods on clean-up: everything from decontaminating the house to dealing with flooded electrical equipment and salvaging valuable papers and documents. (1994, 39 PAGES) Order # 6789E $3.95

Landscape Architectural Design and Maintenance

This extensively illustrated publication is a must for professionals and landscapers. Advice on physical and financial aspects of construction and maintenance. Handy checklists, 116 photographs, 104 illustrations. (1982, 156 pages) Order # 5476E

Residential Guide to Earthquake Resistance

If you live on Canada's West Coast, in the Quebec City- Montreal-Ottawa-Toronto area, or in the Atlantic provinces, there's a risk of an earthquake. The Residential Guide to Earthquake Resistance shows you how you can improve the earthquake survivability of your house. With easy-to-use checklists, you can assess your house and property and make the improvements needed to ensure that your house can be safely inhabited after an earthquake. (1998, 338 pages) Order # 699S E

Housing for Seniors

Maintaining Seniors' Independence Through Home Adaptations

A comfortable, secure home is key to seniors' independence. This practical video brings together seniors and professional consultants to discuss a variety of adaptations in the home-from simple installation of a grab bar in the bathtub to more complex renovations. A good resource for builders, renovators, and seniors and their caregivers. The video is accompanied by a self-assessment guide and the book Safe at Home, which looks at neighbours, 911, volunteer groups and electronic monitors as options you can use when you need help. A handy questionnaire helps you identify the services that best suit your needs. (1993, 34 min) Order # 4033 E

Garden Suites & Marguerite Chown's Renovation Story

Many of Canada's elderly live independently, but sometimes need help taking care of their homes, Seniors, renovators and designers will want to see this two-part video: part one looks at temporary living quarters on residential property, and part two explains how minor home renovations allowed Marguerite Chown to remain in her home despite her reduced mobility. (1991, 14 min.) Order # YE041

Healthy Housing

CMHC believes that Canadian homes can be designed and operated in a more healthy and sustainable way. Healthy Housing is CMHC's concept for building a more environmentally friendly home based on five key elements: occupant health; energy efficiency; resource efficiency; environmental responsibility; and, of course, affordability. By following these guidelines, as detailed in the following publications, you can make your home better for the environment-and more comfortable for you.

The Clean Air Guide: How to Identify and Correct Indoor Air Problems in Your Home

The homeowner's first step to better air quality. This Guide will help you evaluate air quality, identify contaminants and their sources, and determine what corrective measures to take. Crucial information for those with asthma, allergies, respiratory diseases or environmental sensitivities. Includes a personal action plan. (Revised 1998, 34 pages) Order # 669S E

This Clean House

An expert leads the owners of a typical older house on an investigation as to why their home makes them feel sick. Using CMHC's publication The Clean Air Guide, step-by-step instructions on locating and eliminating indoor air contaminants are provided. (1994, 30 min) Order # YE057

Building Materials for the Environmentally Hypersensitive

This practical sourcebook is for persons with environmental hypersensitivities, serious asthma or allergies, and for those who build housing for them. An easy-to-use format with 180 product listings. The best available information, combining published material and the experiences of the hypersensitive. Includes personal test instructions and a comprehensive index. (Revised 1997 260 pages) Order # 6742E

Healthy Housing Renovation Planner

The Healthy Housing Renovation Planner is a practical and interactive guide to planning a renovation project from beginning to end, whether hiring a contractor or doing the work yourself. Relevant for both major and minor projects, the reader can pick and choose information necessary to make decisions. This guide uses a systemic planning approach to renovation projects that contributes to occupant health, reduces energy consumption, conserves natural resources, minimizes environmental effects and balances cost and feasibility. (1999, 312 pages) Order # 2172E

RESEARCH REPORTS ON HOUSING REHABILITATION/ RAPPORTS DE RECHERCHE SUR LA REMISE EN ÉTAT DES LOGEMENTS

1. Accessibilité universelle et travaux de rénovation réalisés dans le cadre du PARCQ (1991)
2. Aperçu de la rénovation résidentielle (1988)
3. Aperçu de la rénovation résidentielle : rapport sommaire (1988)
4. Avant de rénover... guide et catalogue pour la rénovation Canada (LNH 6978-1998)
5. Avoiding Renovation Hazards (1991), Booklet (NHA 6560), Poster (NHA 6558)

6. Before You Renovate ... Renovation Guide and Catalogue (NHA 6372-1998)
7. A Better Way to Renovate (1998)
8. Code and Approval Process Models for Residential Renovation: Case Study = Modèles de code et de processus d'approbation de rénovation résidentielle : étude de cas (1995)
9. Consultation Paper on Housing Renovation = Document de consultation sur la restauration des logements (1987)
10. La Consultation sur la restauration des logements : le consensus de la première série de consultations et les options de la deuxième série = Renovation Consultation Process (1988)
11. Construction Waste Management Pilot Demonstration Rifle Range Renovation Project, Saint John, N.B. April-May 1993 = Opération témoin de gestion des déchets de construction, Projet de rénovation de Rifle Range, Saint John (Nouveau-Brunswick) (1993)
12. Consumer Information Report on Renovation (1989)
13. Consumer Renovation Information Guide = Guide de la rénovation à l'intention du consommateur (NHA/LNH 6369) (1994)
14. Designing for Disassembly (1998)
15. Document de consultation sur la restauration des logements = Consultation Paper on Housing Renovation (1987)
16. Dynamique de la famille et adaptabilité du logement (1993)
17. Effectiveness of Clean-up Techniques for Leaded Paint Dust (1992)
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21. Évaluation du programme d'aide à la remise en état des logements (1986)
22. Évaluation du projet de réaménagement de l'ensemble Benny Farm: rapport final (1998)
23. Evaluation of the Energy Conservation Impact of the Residential Rehabilitation Assistance Program (1992)
24. Evaluation of the Residential Rehabilitation Assistance Program: Executive Summary (1986)
25. Family Dynamics and Dwelling Adaptability (1993)
26. Feasibility Study for a Survey of Consumer Intentions to Buy or Renovate (1998)
27. Feasibility Study of a Warranty System for Residential Renovation (1985)
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29. Garanties de travaux de rénovation résidentielle: un outil pour améliorer le marché de la rénovation (1988)
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33. Housing Renovation Codes: Report on a Forum Sponsored by CMHC (1993)
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35. Lead Precautionary Measures (1992)
36. Liste de modifications à vérifier : l'accessibilité des bâtiments grâce au PAREL pour les personnes handicapées (1991)
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